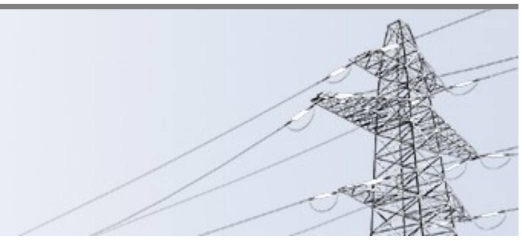
RTO Insider

Your Eyes and Ears on the Organized Electric Markets

PJM ■ MISO ■ NYISO ■ ISO-NE



ISSN 2377-8016 : Volume 2015/Issue 1 January 6, 2015

Looking Back, Looking Forward

The Year in Review: Capacity Market News Topped Readers' Interest in 2014

The big news of 2014 in PJM was the same subject that's likely to be big news in 2015: the capacity market.

Of *RTO Insider's* 25 most-read stories of 2014, seven were about PJM capacity market rule changes or the results of the May Base Residual Auction.

With PJM seeking to overhaul the market with its Capacity Performance proposal — now pending before the Federal Energy Regulatory Commission — capacity issues are sure to be among the top stories for *RTO Insider* in the coming year. (See PJM Files Capacity Performance Plan.)

PJM Fights Cold, Talks Heat

Heat Wave To-Do List Grows Longer

PJM Shivers to New Winter Demand Record

Capacity Prices Jump Following Rule Changes

Prices Double in Western PJM, Flat in East

PJM Trader Calls FERC on Manipulation Probe

EPA Carbon Rule Falls Unevenly on PJM States

States, not FERC, will be Challenge for Exelon-Pepco

Speaking of FERC, four stories about FERC enforcement and commissioner confirmations also ranked in the top 25. The dynamics of the five-member commission will be fascinating to watch in 2015, with the arrival of new commissioner Colette Honorable and Chairman Cheryl LaFleur and Commissioner Norman Bay swapping seats in April. (See stories No. 2 and No. 18 on page 21.)

DR, M&A, EPA

Demand response, mergers and acquisitions, Environmental Protection Agency regulations and the Artificial Island stability

Continued on page 15

MISO, Generators Oppose Duke Must-Offer Waiver Bid

Cite 'Dramatic' Drop in Margins

By Chris O'Malley

MISO and three power suppliers have asked the Federal Energy Regulatory Commission to deny Duke Energy's request for a waiver from MISO's must-offer requirement, arguing the RTO's reserve margins in Zone 6 have fallen by a "dramatic" amount since Indianapolis Power & Light obtained a waiver in October.

Duke Energy Indiana is the latest utility to seek a must-offer waiver (ER15-592), joining others that complain there's no clear mechanism within MISO's Tariff that would permit them to buy replacement capacity to cover a six-week gap in 2016 between when they plan to retire coal units under the Environmental Protection Agency's Mercury and Air Toxics Standards (MATS) and the end of the MISO planning year on May 31.

Requests by DTE Electric (ER15-90) and MidAmerican Energy (ER15-199) are pending before the commission. Consumers Energy, having been denied a waiver request last fall (ER14-2622), has come back to the

Continued on page 15

Cruthirds At Large

News & Commentary

By David L. Cruthirds

Greetings. I'd like to say hello to long-time readers from *The Cruthirds Report* and introduce myself to *RTO Insider's* readers and subscribers. After 11 years of writing and reporting on regulatory issues in the Southeast and Midwest for *The Cruthirds Report*, I decided to cease operations and start a new chapter of my career.

I will be writing periodic articles and columns for *RTO Insider* during my transition, and I look forward to sharing news, insights and observations about noteworthy industry developments with *RTO*

Continued on page 14

Also in this issue:

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FERC Report Shows Spotty Growth for DR, Advanced Meters

By William Opalka

Demand response and advanced meters are continuing to grow but progress is uneven, with some regions showing reductions in DR even before last May's appellate court ruling challenging federal jurisdiction over the resource, according to a new report by the Federal Energy Regulatory Commission.

Nationally, potential peak reduction from DR in the organized markets grew 9.3%, or 2,451 MW, to 28,503 MW from 2012 to 2013. Potential peak reduction in RTOs and ISOs grew to 6.1% of peak demand in 2013, from 5.6% in 2012.

This occurred despite some setbacks in Northeastern markets, according to the ninth annual Assessment of Demand Response and Advanced Metering report released Dec. 23.

FERC also reported that advanced meters now represent almost 30% of the total, as an additional 5.9 million devices were deployed between 2011 and 2012.

DR in RTOs, ISOs

Potential peak reduction increased by 2,600 MW in MISO from 2012 to 2013, largely due to increased demand response from behind-the-meter generation and load-modifying resource programs run by utilities.

In NYISO, however, fewer DR resources registered as special case resources following the RTO's implementation of its baseline calculation and auditing methods, according to FERC. Tighter qualification criteria may have played a role. Relatively low capacity prices in NYISO were also cited.

DR in ISO-NE declined by 669 MW, or 25%. FERC cited reports that EnerNOC had reduced its participation in the forward capacity market because its customers believe that participation requirements outweighed the benefits.

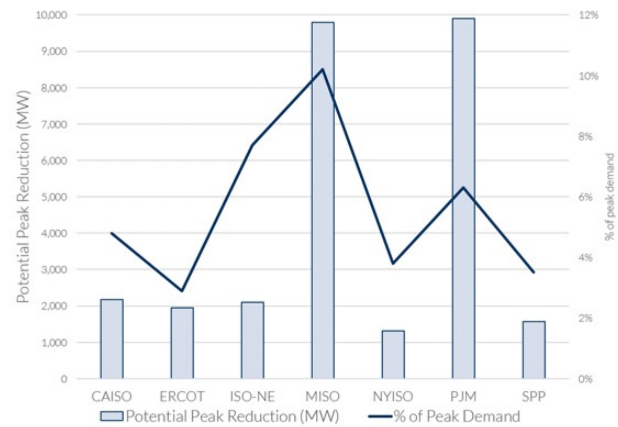
DR's future was further clouded by the D.C. Circuit Court of Appeals' ruling, in a challenge by the Electric Power Supply Association, voiding FERC's jurisdiction over pricing of DR in wholesale energy markets. FERC is seeking a Supreme Court review of the ruling.

Some have argued that the legal theory advanced in the *EPSA* ruling should bar DR participation in capacity markets. (See PJM to File Post-EPSA Demand Response Contingency Plan with FERC.)

DR in Emergencies

Despite the legal uncertainties, demand response continued to prove its worth last year as a tool for grid operators during times of tight supplies, FERC observed. PJM activated about 2,000 MW of DR for several hours on Jan. 7, 2014, and more than 2,500 MW for several hours on Jan. 23 and Jan. 28.

ISO-NE's 2013-2014 Winter Reliability Program gave it the ability to call on DR up to 10 times during the winter. DR resources provided 21 MW on each of five occasions between December 2013 and February 2014, according to the report.



Demand response by RTO — 2013 (Source: FERC)

Advanced Meters

Advanced meters continued to grow, but penetration rates varied widely by region.

The Texas Regional Entity leads, with penetration of 70%, followed by the Western Electric Coordinating Council at 51%. Bringing up the rear are ReliabilityFirst, which includes portions of PJM and MISO, at 17%, and the Northeast Power Coordinating Council at 12%.

Among the capabilities of advanced meters is time-based pricing. But the report found that enrollment in time-based DR programs dropped by 6.1% between 2011 and 2012.

FERC said participation dropped in SPP due to the end of programs by Southwestern Electric Power Co. and a large decline in enrollment in the programs run by Public Service Company of Oklahoma. The ReliabilityFirst region saw a decline as a result of attrition in Ohio Power's residential program and Duke Energy Indiana's commercial program.

FERC Approves $3.5M Settlement with Twin Cities over Manipulation

By Michael Brooks

Twin Cities Power will pay $2.5 million in penalties and disgorge almost $1 million in profits for manipulating energy prices in MISO under a settlement approved by the Federal Energy Regulatory Commission last week (IN12-2).

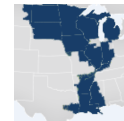
Twin Cities admitted the violations, while the three traders accused in the case neither admitted nor denied wrongdoing, FERC said. Traders Jason Vaccaro, Allan Cho and Gaurav Sharma did agree to pay civil penalties of $400,000, $275,000 and $75,000 respectively. They also agreed to bans from energy trading: Vaccaro for five years, and Cho and Sharma for four years each.

FERC said that while Twin Cities traded and scheduled power in MISO, it also traded financial products on Intercontinental Exchange, including the MISO Cinergy Hub Balance-of-Day Swap (Bal-Day-Cin).

"Twin Cities engaged in a consistent pattern of flowing physical power in the direction of its financial swaps. Twin Cities imported power into MISO when it held a short swap position, or exported power from MISO when it held a long swap position," FERC said. "Moreover, Twin Cities' financial positions were larger than its physical positions, such that the increase in the value of Twin Cities' swaps exceeded the losses from its physical flows." This showed that Twin Cities was moving energy prices to benefit their swaps, FERC said.

The three traders worked for Twin Cities Power Canada, a Twin Cities subsidiary in Calgary that ended operations in September 2012. At first, the company's only employees were Cho as president and Vaccaro as vice president. At the time of the violations, the company employed 11 traders, including Sharma. On Feb. 1, 2011, several months prior to FERC's investigation, Cho, Vaccaro and Sharma were fired.

MISO NEWS



Two More Indiana Wind Farms Join NIPSCO Complaint over Tx Upgrades

By Michael Brooks

Two of the world's largest wind farms have joined a complaint against Northern Indiana Public Service Co., asking the Federal Energy Regulatory Commission to cut the $35.8 million bill the utility assessed them and others in connection with transmission upgrades needed to reduce congestion that has caused frequent curtailments.

NIPSCO charged Fowler Ridge, Meadow Lake and seven other wind farms $50.4 million to build the upgrades and an additional $35.8 million to operate them over 35 years.

FERC ruled Dec. 8 that the 1.71 multiplier NIPSCO used to calculate the operating costs is too high. But it denied a request by the original complainant, E.ON Climate and Renewables North America, to eliminate it entirely. Instead, it directed NIPSCO and E.ON to enter settlement proceedings to determine a fairer rate (EL14-66).

The owners of the Fowler Ridge and Meadow Lake wind farms, located in western Indiana, filed their complaint last week (EL15-34), saying they wanted to ensure they would share in any refunds resulting from the resolution of the E.ON case.

Meadow Lake wind farm (Source: EDP)

Fowler Ridge and Meadow Lake companies were part of a group of Indiana wind farm owners that negotiated last year with NIPSCO a transmission upgrade agreement to alleviate congestion on the utility's system.

E.ON estimated its Pioneer Trail and Settlers Trail wind farms, with 300 MW of combined capacity, lost between $9.8 million and $11.7 million in 2013 when grid operators forced them to curtail their output due to congestion.

Because MISO's Tariff does not include a procedure for calculating the cost of transmission upgrades that require customer funding, the RTO instructed the wind companies to deal with NIPSCO directly.

E.ON said it immediately objected to the operating cost multiplier but that both MISO and NIPSCO refused to file the agreement on an unexecuted basis — an action that would have allowed FERC to rule on it before it went into effect. NIPSCO also refused to go through with the upgrades unless E.ON and the other companies signed the agreement and paid the total cost upfront, E.ON said.

"[G]iven the continuing curtailments, the only avenue was to agree to the terms of the proposed" agreement and hope that FERC would find it unjust once it was filed in February 2014, E.On said. FERC accepted the agreement in late March, and E.ON filed its complaint in June.

The 600-MW Fowler Ridge, jointly owned by BP Wind Energy North America and Dominion Resources, and the 526-MW Meadow Lake, owned by EDP Renewables North America, rank among the largest wind farms in installed capacity. Collectively they make up 73% of Indiana's total wind capacity, according the U.S. Department of Energy.

No Penalty for MISO on Reliability Violations

By Rich Heidorn Jr.

MISO and reliability watchdogs have reached a settlement over self-reported violations related to MISO's ability to maintain visibility over its reliability coordinator area following a contingency event.

The settlement, between MISO and regional entity ReliabilityFirst, was sent to the Federal Energy Regulatory Commission Dec. 30 by the North American Electric Reliability Corp. (NP15-14). MISO will not pay a financial penalty but agreed to corrective actions.

MISO said it discovered in March 2012 that some of the input data it used in the network model to support real-time analysis of its transmission system was incorrect: for 321 of 19,936 facilities (1.6%), default facility ratings, instead of actual facility ratings, were assigned.

MISO also identified errors in voltage monitoring flags for several facilities and that several transmission lines had monitoring disabled. In addition, alarms on six tie lines were not functioning and the network model failed to monitor 14 transformers.

Another violation resulted from MISO's discovery that it had only limited ability to determine current post-contingency element conditions (voltage or thermal) within its reliability coordinator area for almost six hours on Jan. 30, 2013.

The problem occurred when a MISO engineer implemented a corrupted contingency case file, resulting in 2,626 contingencies being excluded from the real-time contingency database. MISO typically screens for about 11,400 active contingencies.

"Although MISO has audible alarming to alert control room personnel to significant changes in the number of contingencies in the real-time contingency analysis database, the control room personnel failed to notice the alarm due to other audible alarms sounding at the same time," NERC said.

The problem was discovered after a transmission operator notified MISO of a trip on one of its lines resulting in overloads on several 69-kV lines.

The settlement resolves violations related to MISO's operations in the ReliabilityFirst, Midwest Reliability Organization and SERC Reliability Corp. regions.

The regions said the violations did not affect MISO's processes to identify and validate System Operating Limits (SOLs) and Interconnection Reliability Operating Limits (IROLs), respond to real-time system conditions, or produce next-day models. "Considered as a whole, the regions determined these violations posed a minimal risk to the reliability of the bulk power system," NERC said.

Penalty Recovery Sought

In a related matter, MISO last week asked FERC for authority to recover from its members a $75,000 penalty arising from a settlement agreement with ReliabilityFirst over earlier reliability violations (ER15-764). The settlement, which was previously approved by FERC, resulted from a compliance audit conducted in late 2012.

MISO NEWS

IN CASE YOU MISSED IT ...

(ORIGINALLY PUBLISHED DEC. 29, 2014)

AES Selling Share in IPL to Free Up Cash for Environmental Upgrades

By Chris O'Malley

A Québec pension fund has agreed to spend up to $593 million to acquire up to 30% of Indianapolis Power & Light from AES, which is seeking to lighten its share of U.S. utilities as their coal-fired generation in MISO and PJM face increasing environmental pressure.

IPL on Dec. 23 filed for Federal Energy Regulatory Commission approval on the deal (EC15-56), which also needs an OK from the Committee on Foreign Investment in the United States, an interagency group that includes the U.S. Treasury, Department of Energy and State Department.

Caisse de dépôt et placement du Québec (CDPQ) will pay $244 million for 15% of AES Investments, an IPL parent company, and contribute up to an additional $349 million for up to 17.65% of IPALCO Enterprises, IPL's direct parent, based on capital calls.

At the end of the two-step process, CDPQ will have indirect ownership of 15% to 30% of IPL and will be able to nominate two IPALCO directors. AES Investments would nominate nine of the directors.

Environmental Pressures

IPL, which owns about 2,623 MW of coal-fired generation (83% of its total), is scrambling to comply with the Environmental Protection Agency's Mercury and Air Toxics Standards (MATS), and may face compliance expenses under the EPA's proposed carbon emissions rule. In its earnings report for the second quarter, AES said it was too soon to determine what impact the carbon rule, and state plans for implementing it, will have on the company.

From 2014 to 2016, IPL plans to spend $326 million on MATS compliance alone.

At least half of IPL's capital spending plan involves replacement of coal-fired units. The biggest project, at $600 million, is the construction of a 671 MW gas-fired generating station to replace aging coal units at its Eagle Valley plant, 30 miles south of Indianapolis.

Map of AES' U.S. businesses. (Source: AES)

AES' Second Thoughts About U.S.

Although it is based in Arlington, Va., three-quarters of AES' pre-tax income from continuing operations comes from its international investments.

AES, which bought IPL in 2000 for $2.15 billion, would see its stake in IPALCO fall to 70% under the deal.

Earlier this year, AES tried to sell its Dayton Power & Light's generation fleet rather than spinning it off into an unregulated subsidiary by 2017, as the Public Utility Commission of Ohio had ordered.

AES bought DPL in 2011 for $3.5 billion, about a 9% premium to DPL's stock price. But AES later expressed regrets about the purchase, saying it hadn't received the benefits it expected. In its 10-K filed last February, AES cited Ohio's market-based pricing and low wholesale prices.

In July, however, AES said it had dropped its plan to sell DPL. "In light of the potential recovery of power prices, as well as PJM capacity prices, AES believes that this business has additional value that can be captured by continuing to own and operate these generation assets," AES said in a statement.

Moody's Likes Deal

Moody's Investors Service said in a Dec. 15 report that the sale would help the credit rating of IPALCO, which is in the midst of a $1.4 billion capital spending plan.

"CDPQ's contractual commitment is credit positive for IPALCO and its wholly owned subsidiary Indianapolis Power & Light ... particularly considering CDPQ's strong credit quality compared to AES," Moody's analyst Natividad Martel wrote.

Moody's did not change its ratings for IPL, IPALCO or AES, however, which are Baa1 stable, Baa3 stable and Ba3 stable, respectively.

IPL has a current capital structure of 45% equity and 55% debt. Virtually all of the utility's profits are returned to AES as dividends, which has left the utility thinly capitalized. In the first nine months of 2014, IPL paid $78 million in dividends to AES.

Over the last two years, AES contributed $156 million in additional equity to IPL, Moody's said. AES and CDPQ will contribute another $62 million on top of CDPQ's $349 million.

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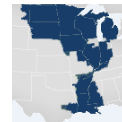
MISO NEWS



AES Selling Share in IPL to Free Up Cash for Environmental Upgrades

Continued from page 4

Although it would ultimately receive less in dividends from IPL, AES would enjoy a reduction in requirements to make equity contributions to IPL. That will "enhance AES' parent only free cash flow position," said Moody's.

That's notable because AES recently announced it would double dividend distributions starting in the first quarter of 2015.

As of Sept. 30, IPL had an available borrowing capacity of $249.3 million under its $250 million unsecured revolving credit facility after outstanding borrowings and existing letters of credit.

CDPQ

The purchase is being made by CDP Infrastructure Fund GP, a New York-based investment fund and a wholly owned subsidiary of CDPQ.

CDPQ has a controlling interest in Gaz Metro Limited Partnership, the biggest natural gas distributor in Quebec and the owner of Vermont's Green Mountain Power.

In MISO, in which IPL operates, CDPQ has a 24.7% interest in Invenergy Wind, whose projects include Bishop Hill Energy III, in Henry County, Ill.

IPL is asking FERC for expedited approval of the CDPQ deal. Even with Invenergy Wind's current and proposed projects, Invenergy and IPL would own or control on a combined basis 2% of MISO's installed generation capacity, IPL said in its filing. IPL noted that FERC recently accepted market-based rate filings by affiliates of Invenergy Wind based in part on the passive nature of the CDPQ interests.

New Source Review Liability

IPL, meanwhile, could find itself facing other environmental costs outside of its $1.4 billion capital program.

Although not mentioned in the context of the CDPQ deal, IPL remains haunted by the specter of a 16-page Notice of Violation the EPA handed the utility in 2009.

It alleges IPL updated three generating plants over 23 years without adding the most modern pollution controls. The EPA's New Source Review (NSR) requires utilities to undergo a pre-construction review for new plants and whenever existing plants are modified in a way that involves "non-routine" physical changes resulting in a significant increase in emissions.

IPL contends that the maintenance projects were routine.

In its third-quarter earnings report, AES said it has met with EPA officials to resolve the NOV and noted that in other NSR cases, the EPA has "required companies to pay civil penalties, install additional pollution control technology on coal-fired electric generating units, retire existing generating units and invest in additional environmental projects." Such an outcome could have a "material impact" on IPL and AES, the company said.

One such case involving similar allegations cost American Electric Power $75 million in penalties and environmental projects as part of a 2007 settlement with the EPA. AEP agreed as part of the settlement to make $1.2 billion in additional sulfur- and nitrogen-control upgrades at its Rockport and Clinch River generating plants.

AEP's settlement came after almost eight years of litigation.

PJM News

PJM's Offer Cap Proposal Sparks Opposition

By Suzanne Herel

PJM's request to raise the cost-based energy cap to $1,800/MWh through March (EL-1531) drew a flurry of comments and protests in the days before the Christmas holidays.

Load representatives generally opposed the proposal, warning it could result in windfalls to generators at ratepayers' expense. Suppliers told FERC that PJM's proposal didn't go far enough and that marginal costs more than $1,800 should be able to set market-clearing prices. Other commenters offered limited support for the idea, suggesting tweaks to the language or recommending that FERC simply extend the waiver it granted last year to allow gas-fired generators to cover their costs.

The proposal to boost the cap from $1,000/MWh — prompted by natural gas price spikes last winter — was made in a Section 206 filing to the Federal Energy Regulation Commission after members failed to reach consensus over the past eight months. (See *PJM Board to Seek $1,800 Offer Cap*.)

Load: 'Profit Opportunities'

The PJM Load Group — consumer advocates and state regulators for West Virginia, Delaware, Illinois, Maryland, New Jersey and D.C., along with several other load-serving entities and groups representing load — was among those who urged FERC to reject PJM's proposal outright. If the cap is raised, the group wants payments in excess of $1,000/MWh refunded to ratepayers through a credit against capacity charges.

The Pennsylvania Public Utility Commission said a higher cap is unnecessary, saying "other equally effective mechanisms exist to address the issue of unexpected spikes in fuel costs or other weather-related events."

Likewise, the Maryland Public Service Commission rejected the proposal, saying, "It is clear that the purpose is to create profit opportunities for generators whose costs do not exceed the offer cap."

Hay Road combined-cycle plant, Wilmington, Del. (Source: Calpine)

Suppliers: Too Late, Too Little

The PJM Power Providers Group said PJM should have filed much earlier than it did, on Dec. 15, noting that last year's polar vortex struck in the first week of January. "This filing leaves PJM and the commission exposed to the same 'relative frenzy' that both PJM and the commission experienced last winter," the group said.

While the group agreed the current tariff is unreasonable, it said, "The proposed $1,800/MWh is not supported by any evidence. PJM appears to pick a number out of thin air with the only justification being that the number was part of a failed stakeholder compromise that was never voted upon by the PJM stakeholders."

It suggested the commission set PJM's filing for a paper hearing and establish procedures to develop an "appropriate energy market offer cap" by Aug. 1, in time for next winter.

PPL said PJM's compromise — limiting offers that may set LMPs to $1,800/MWh and providing compensation for marginal costs above that through uplift payments — is "bad policy."

"The proposal departs unreasonably from past commission and court precedent and from sound economic theory, sound principles of market design and PJM's own expressed views as to the benefits of an LMP-based system and the harmful effects of payments needlessly being made via uplift," PPL said.

Public Service Enterprise Group agreed that capacity resources should be able to bid their marginal costs into the market and set price.

It also called on FERC to prevent seams issues among neighboring markets with different policies, saying the commission should order PJM to adopt rules allowing generators to update their offers on an hourly basis to reflect real-time fuel costs. "Given the overwhelming benefits of hourly reoffers, we respectfully request that FERC direct PJM to begin a stakeholder process to develop rules similar to those already implemented in New York and New England," PSEG said.

Coordination of comparable offer caps also was the concern of NYISO. "Offer caps must be discussed at a regional level in order for all interested parties to evaluate the potential for seams issues that could arise from different offer caps. … Materially different offer caps in neighboring regions that depend on the same natural gas supply could require operator actions to avoid electric system reliability impacts during periods of cold weather and high gas prices. NYISO is concerned that a number of markets in the Mid-Atlantic and Northeast are competing for the same supply of gas and generators subject to lower offer caps could be denied access to fuel."

PJM CEO Terry Boston said last month he is seeking to reach a consensus with the RTO's neighbors on a common offer cap. (See *PJM Seeking RTO Consensus on Offer Cap Increase*.)

"It is clear that the purpose is to create profit opportunities for generators whose costs do not exceed the offer cap."

Maryland Public Service Commission

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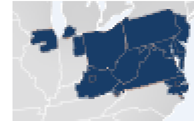
PJM NEWS



PJM, TOs Respond to Deficiency Notice on Multi-Driver Projects

By Suzanne Herel

PJM and its Transmission Owners filed a 65-page response Dec. 23 to address what the Federal Energy Regulatory Commission deemed deficiencies in their plan to integrate multi-driver projects into the regional transmission expansion plan (RTEP) (ER14-2864, ER14-2867).

PJM proposed the concept in response to FERC Order 1000, saying it could lower the cost of states' public policy transmission projects by incorporating them in upgrades that address market efficiency or reliability.

Related revisions to PJM's Operating Agreement and Tariff were approved by the Members Committee June 26 and filed with FERC Sept. 12, following much debate among stakeholders over what would qualify as such a project and who would pay for it. Some critics worried that the cost allocation scheme would make public policy projects too costly to pursue. (See *States Still Miffed with TOs' 'Multi-Driver' Cost*.)

FERC's deficiency notice focused on definitions, process and cost allocation.

Responding to FERC's question of how such projects will be selected, PJM said, "In essence, there is no separate process for selection of multi-driver projects. … Consistent with Order No. 1000, all projects selected as multi-driver projects will be included in the RTEP for cost allocation purposes because they are found to be the more efficient or cost-effective solution to the PJM region's needs."

FERC had also asked PJM and the TOs to show how their cost allocation method satisfied the six regional allocation principles and how it is consistent with determining that participant funding cannot be the regional method.

PJM responded that a multi-driver project will be eligible for regional cost allocation because each component — economic, reliability and public policy — will meet the relevant requirements.

The TOs said that the costs would be allocated "to those who benefit from the facilities in a manner that is at least roughly commensurate with the estimated benefits."

No new cost allocation method is being proposed for multi-driver projects, the TOs said, with the exception of local transmission projects "boosted" into regional cost allocation due to their combination with a public policy driver. For "boosted projects," the portion of the project designed for reliability or market efficiency will be allocated 20% pro rata and 80% to those calculated to directly benefit, rather than 50-50.

"Even though the allocation to the reliability or market efficiency portion has changed by having 20% of those portions allocated pro rata, those who would not have received a cost allocation but for the 'boosting' of the project to a regional facility, still receive a benefit because of the greater capacity of the regional facility," the TOs said.

Cost allocation would continue to be assigned by two methods: incremental and proportional.

The incremental method would be used when the project was developed to address a single driver, but modified to satisfy other goals and becomes more cost-effective for all drivers. The initial driver would have its cost share reduced by "an amount equal to the ratio of the estimated incremental cost of the new driver(s) to the estimated new total cost of the project multiplied by the estimated cost of the original driver."

The proportional method would apply when a project was developed parallel to individual solutions to different drivers and then combined. In that case, cost would be allocated relative to what would have been required to address each driver separately.

Annual Cost Allocation Update Filed

In a related matter, PJM on Dec. 30 submitted its updated annual cost allocation for regional facilities and "necessary" lower-voltage facilities included in the RTEP (ER15-758).

PJM Seeks Waiver on Capacity Release

PJM wants a one-time waiver to avoid releasing 2,000 MW of capacity for the 2015/16 delivery year, when the RTO fears it may run short of resources due to retirements of coal-fired generation.

PJM officials told the Markets and Reliability Committee Dec. 18 that they would seek to postpone generation retirements — or accelerate planned new generation — to help the RTO ride through potential shortages next winter. (See *PJM Seeks to Postpone Some Generation Retirements through 2015/16*.)

On Dec. 24, PJM made two filings with the Federal Energy Regulatory Commission to put its plan in action.

In one, PJM asked for a one-time waiver on rules that would otherwise require it to release 2,000 MW of capacity in the Feb. 23 Third Incremental Auction for 2015/16 (ER15-738).

In the second, PJM proposed revising its Tariff to allow it to enter into capacity agreements made outside the Reliability Pricing Model auctions (ER15-739).

Officials told the MRC they would seek to forestall some of the estimated 9,500 MW of retirements expected next year as a result of the Environmental Protection Agency's Mercury and Air Toxics Standards (MATS) and more than 2,000 MW being shut down by New Jersey's High Energy Demand Day regulations.

In addition to offering reliability-must-run (RMR) compensation to delay retirements, officials said they are considering incentives to encourage some generation slated to come on line in delivery year 2016/17 to accelerate construction and launch earlier. In total, officials said they will attempt to secure as much as 2,500 MW of generation through April 2016.

In a related matter, PJM released its 2015 load forecast report. It includes a 2.6% reduction in the load forecast for 2018, due in part to a temporary change in modeling that aims to address over-forecasting in recent years. (See *Model Change Results in Lower Load Forecast for PJM*.)

ISO-NE NEWS

FERC Rejects Bid to Increase DR, Distributed Generation in ISO-NE Capacity Calculations

By William Opalka

The Federal Energy Regulatory Commission Friday rejected a challenge by New England states to recalculate the contributions of demand response and distributed resources in advance of February's Forward Capacity Auction.

FERC accepted the installed capacity requirement (ICR) filed by ISO-NE for the 2018/19 delivery year (ER15-325). However, FERC did order the RTO to conduct a stakeholder process to develop market rules that would consider DR in time for the 2016 FCA.

The New England States Committee on Electricity said ISO-NE has underestimated the impact of distributed generation and its pay-for-performance (PFP) program on the region's capacity needs. FERC disagreed.

"We agree with ISO-NE that it would have no basis to use forecasted performance data in the absence of actual historical performance under this nascent two-settlement market design. We therefore support ISO-NE's current methodology, which incorporates actual resource performance data," FERC said.

FERC also suggested that a request to include distributed generation as part of the calculation was too soon, saying that the RTO first "must examine the market and operational issues."

ISO-NE's Nov. 4 filing established its ICR, local sourcing requirements and Hydro-Quebec interconnection capability credits (HQICC) for FCA 9.

The ISO proposed an ICR value of 35,142 MW, which includes 1,970 MW of emergency generation assumed obtainable from New Brunswick, New York and Quebec. The net amount of capacity to be purchased, after deducting the HQICC value of 953 MW per month, is 34,189 MW, the ISO said.

Vermont Yankee Retirement Leaves ISO-NE More Dependent on Gas

By William Opalka

Entergy powered down the Vermont Yankee nuclear station for the final time last week, leaving ISO-NE even more dependent on natural gas as it also faces retirements of its coal-fired generation.

The 615-MW plant in Vernon, Vt., which went on line in 1972, retired Dec. 29 after a protracted battle with state government and environmentalists.

Marcia Blomberg, a spokeswoman for ISO-NE, said that a 2012 study concluded that New England would have enough generation without the plant.

"But the loss of other non-natural gas generation throughout the region is causing concern about long-term reliability," she said. "This generation is most likely to be replaced by natural gas, which will only exacerbate our dependence on that resource."

The nuclear plant's loss has been compounded by other recent and planned closures in New England. The 352-MW Norwalk Generating Station in Connecticut and the 720-MW Salem Harbor Generating Station in Massachusetts both shut down last spring. The 1,557-MW Brayton Point plant in Massachusetts is scheduled to retire in 2017.

Greenpeace flies a blimp protesting Entergy's Vermont Yankee nuclear station.


The plant as seen from across the Connecticut River. (Source: Entergy)

New England now gets about half of its generation from natural gas, meaning generators are increasingly competing against heating load for gas in a region with limited pipeline capacity.

The switch to natural gas was what led to Vermont Yankee's closure, according to Entergy. In its August 2013 announcement of the plant's demise, it cited "a transformational shift in supply due to the impacts of shale gas, resulting in sustained low natural gas prices and wholesale energy prices."

It also cited Vermont Yankee's high cost structure and the costs of regulatory compliance on a small plant. Decommissioning is expected to last decades and cost more than $1.2 billion.

The plant employed more than 600 people with about one-half of those retiring or laid off by Jan. 19. Entergy will provide $10 million in economic development aid for Windham County over five years and $5.2 million in clean-energy development funds.

Entergy's decision accomplished what state officials and environmentalists were unable to do.

Vermont passed legislation to force the plant's closure, but Entergy successfully challenged that move in federal court. The court ruled the state lacked jurisdiction, as nuclear power was primarily licensed and regulated by the federal government.

COMPANY BRIEFS

Xcel Energy to More than Double Carbon-Free Generation

Xcel Energy, already a top U.S. producer of wind energy, announced plans to vastly increase its renewable generation by 2030 and cut its use of fossil-fired generation.

The goals, included in its "2016-2030 Upper Midwest Integrated Resource Plan" filed with the Minnesota Public Utilities Commission, call for a 30% reduction in carbon emissions by 2020 and a 40% reduction by 2030.

The company plans to add 600 MW of wind energy to its portfolio by 2020 and 1,200 MW by 2030, bringing its total to 3,600 MW. It also plans to add nearly 2,400 MW of solar by 2030, maintain operations of its Monticello and Prairie Island nuclear plants, and reduce reliance on its coal-fired Sherburne County Generating Plant.

More: *Star-Tribune*

Entergy Adds New CCGT Plant To Louisiana Generation Fleet

Entergy Louisiana has added its first new power plant to its fleet in nearly 30 years. The Ninemile 6 combined-cycle gas turbine plant in Westwego was completed for an estimated $566 million, on time and below budget, the company said. Entergy Gulf States Louisiana and Entergy New Orleans will buy 45% of the 560-MW plant's output.

Entergy also announced recently its subsidiaries will spend $948 million to acquire the 1,980-MW gas-fired Union Power Station in El Dorado, Ark. The Union Power Station is owned by Union Power Partners, an independent power producer owned by Entegra TC. Both companies filed for Chapter 11 bankruptcy protection in August. Entergy said the plant's price was about half what it would cost to build a new power plant.

More: *PennEnergy*; *The Times-Picayune*

PSEG Taking over Completed Solar Plant in Waldorf, Md.

PSEG Solar Source is acquiring a 12.9-MW solar facility near Waldorf, Md., its 11th utility-scale photovoltaic project. It brings PSEG Solar's total capacity to 123 MW.

The facility is being constructed by juwi solar and has a 20-year power purchase agreement with Southern Maryland Electric Cooperative. Construction is expected to be completed by June. Terms of the sale were not announced.

More: *NJBiz*

AEP Blitzing Ohio with 105,000 Automated Meters

American Electric Power will install 105,000 automated meters in Ohio, the third phase of its meter updating program.

The wireless meters will only allow the utility to take readings from a passing vehicle, unlike smart meters, which can both send and receive signals and allow two-way communication about electricity usage. With the new program, nearly a third of AEP's 1.5 million Ohio customers will have the automated meters, which eliminate the need for a manual reading and should cut down on the number of estimated bills.

AEP has also proposed to increase the size of its smart meter program, which is currently still in the pilot stage.

More: *The Columbus Dispatch*

UGI Energy to Build $150 Million Gas Pipeline to Power Plant

UGI Energy Services plans to spend $150 million to build a 20-inch pipeline to deliver natural gas to a proposed generating station near Shamokin Dam on the Susquehanna River in Pennsylvania.

The 35-mile line, which would cross five counties, would connect the Transcontinental Pipeline to the power plant. The company said about 90% of the gas will go to the power plant.

The proposed 1,000-MW power plant, called Hummel Station, will be owned by Sunbury Generation and is slated to go on line in 2017. Sunbury recently retired a coal-fired generating station at the 216-acre site. The former PPL plant still has active oil-fired units on site.

More: *PennLive*

Dominion Buys 20-MW Solar Plant in Calif. from EDF

Dominion Resources added 20 MW of solar capacity to its fleet with the purchase of a facility in King's County, Calif., from EDF Renewable Energy. Dominion now has 344 MW of solar either in operation or under construction in California, Connecticut, Georgia, Indiana, Utah and Tennessee.

The announcement comes after the company said it bought a 50-MW solar project in Millard County, Utah, from juwi solar. That purchase came just two months after Dominion purchased two other solar plants, the 24-MW Cottonwood and the 12-MW Catalina Solar 2 facilities. Both of those California plants were purchased from EDF as well.

More: *Zacks*

Asheville, NC, Demand Spurs Duke to Build 3 New Substations

Duke Energy has spent $13.6 million to buy three sites for new substations in Asheville, N.C., in order to bolster the company's distribution system as demand grows in the western North Carolina city. The new substations will be the first in the city in 40 years.

Duke said it plans to open the first new substation by 2018. It did not release cost estimates for the project.

More: *Asheville Citizen-Times*

FirstEnergy Spending $100 Million On Shale Gas-Related Tx Projects

FirstEnergy said it is investing about $100 million on transmission lines and related projects in West Virginia to support industrial activity to process shale gas and oil, as well as power pumping and compression equipment to send shale-related energy to markets.

Substations, transmission lines and other equipment are included in the list, the company said. Projects include a $52 million 138-kV line to support demand in Doddridge, Harrison and Ritchie counties, and an 18-mile, $55 million 138-kV line expected to go into service near Oak Mound in late 2015.

More: *The State Journal*

-- Compiled by Ted Caddell

FEDERAL BRIEFS

Republicans Send FTC Warning of Deceptive Solar Practices

A dozen House Republicans asked the Federal Trade Commission to explore allegations of deceptive trade practices related to third-party solar leases.


Gosar

Rep. Paul Gosar, R-Ariz., leading the effort, wrote a letter to FTC Chairwoman Edith Ramirez urging the commission to investigate "deceptive marketing strategies" that overpromise the benefits of home solar while understating the risks of entering into an agreement "that will likely exceed both the life of the roof and the duration of the lessor's home ownership." He characterized the booming third-party solar installation industry as "largely unregulated."

"My letter to Chairwoman Ramirez simply asks the FTC to look into these practices and answer a series of questions," Gosar said in a news release. "In order to protect consumers and expand domestic solar production, proper oversight of the emerging rooftop solar industry must be maintained."

More: *Rep. Paul Gosar*; *Daily Signal*

Duke Energy's Dry Cask Storage Plan for Crystal River OK'd

The Nuclear Regulatory Commission has approved Duke Energy's plan to use dry cask storage for spent fuel at its Crystal River Nuclear Plant in Florida.

Duke ordered the plant permanently shut down in 2013 after its previous owner, Progress Energy, botched repairs in 2009. The company estimates it will cost more than $265 million to build the fuel storage facility. The spent fuel rods are scheduled to be transferred in 2019.

More: *Bay News 9*

Colette Honorable Sworn in at FERC

The Federal Energy Regulatory Commission announced yesterday that Colette Honorable has been sworn in as the commission's fifth member, replacing former Commissioner John Norris. Honorable, former chairman of the Arkansas Public Service Commission and president of the National Association of Regulatory Utility Commissioners, was confirmed to the position by the Senate in December.

FERC Approves Cheniere's Corpus Christi LNG Terminal

The Federal Energy Regulatory Commission last week approved Cheniere Energy's planned liquefied natural gas terminal in Corpus Christi, Texas. The company now needs only approval from the Department of Energy to start construction.

Cheniere is the only company in the U.S. to have two active LNG export terminal projects underway. Its $10 billion Sabine Pass terminal in Louisiana is already under construction and scheduled to go into operation later this year. Construction at the Corpus Christi terminal should start this year, with an operational date of 2018.

More: *Houston Business Journal*

Environmental Groups Charge FERC Erred in Approving NY Pipeline

Environmental groups are asking the Federal Energy Regulatory Commission to reconsider its December approval of the Constitution Pipeline, a proposed 124-mile natural gas pipeline that would run from Pennsylvania into New York.

The groups, including EarthJustice, the Clean Air Council and the Sierra Club, said FERC's environmental review didn't take into account habitat damage and runoff potential. "When the Federal Energy Regulatory Commission issues a permit for a natural gas pipeline without fully assessing the environmental impact as required, concerned citizens must take a stand," said Moneen Nasmith, an EarthJustice attorney.

More: *Akron Beacon Journal*

Comment Period on Offshore Wind In Virginia Extended 2 More Weeks

The Bureau of Ocean Energy Management has given a two-week extension for public comment on a pilot project to install two offshore wind turbines in Virginia.

The agency recently issued a 210-page environmental assessment on Dominion Virginia Power's plan to install two 600-foot turbines and a sea-to-shore transmission line that would set the stage for a more ambitious offshore wind project. The deadline for comment is now Jan. 16.

More: *The Virginian-Pilot*

Burns Takes Reins at NRC, Replacing Macfarlane

Stephen G. Burns became the chairman of the Nuclear Regulatory Commission on Jan. 1, assuming the seat held by Allison Macfarlane, who left to take a professorship at George Washington University.

Burns, the commission's former general counsel, has held various positions at the NRC for more than 33 years, but he has only been a commissioner since November.

More: *Nuclear Street*

Republicans Asking FERC About EPA Meetings on Clean Power Plan

Ranking House and Senate Republicans have asked each member of the Federal Energy Regulatory Commission to describe any meetings they had with the Environmental Protection Agency about the agency's proposed Clean Energy Plan. The lawmakers suggest that commissioners had little interaction with the EPA before the agency released its new emissions standards. EPA officials have said there was sharing of information.

"Your views about the extent of collaboration between FERC and EPA on these matters, and especially about the details of your personal involvement or that of your staff in any or all of these meetings ... will contribute significantly to the public record," the legislators, including Sen. Lisa Murkowki, said in a letter.

More: *Bloomberg News*

FERC Schedules Workshop on NERC ATC Rules

The staff of the Federal Energy Regulatory Commission will conduct a workshop March 5 to discuss actions the commission may take to ensure that transmission providers are calculating available transfer capability (ATC) "in a manner that ensures nondiscriminatory access" to the grid.

FERC's action (AD15-5) is a response to the North American Electric Reliability Corp.'s proposed changes to its ATC-related reliability standards and an initiative to replace them with business practice standards to be developed by the North American Energy Standards Board. The workshop will be held from 8:45 AM to 5 PM in the Commission Meeting Room, 888 First Street NE, Washington, D.C., 20426.

-- Compiled by Ted Caddell

STATE BRIEFS

ARKANSAS

SWEPCO Drops Bid for $116 Million Tx Line

Southwestern Electric Power Co. announced that it is dropping plans to construct a $116 million, 60-mile transmission line after SPP decided it wasn't needed. SPP told SWEPCO that its latest forecasts show lower load growth than previous ones for the area.

"Based on SPP's new findings, we are notifying landowners, community leaders and elected officials that we have withdrawn our application to the [Public Service Commission] for authority to construct the Shipe Road to Kings River transmission project," said Venita McCellon-Allen, SWEPCO's president.

The 345-kV line would have run between Benton and Carroll counties. It was a source of contention for both property owners and environmentalists. Opponents to the line successfully petitioned the PSC for a rehearing on the line. SPP is in the process of withdrawing its Notification to Construct, the basis for SWEPCO's construction plans and application.

More: *Arkansas Times*

DELAWARE

Failed Data Center Project Spawns Lawsuit

A developer of a failed attempt to build a $1 billion data center and power plant on the University of Delaware campus is suing his former business partner.

Robert Krizman, who was recruited to work as president of The Data Centers LLC, filed suit in the Court of Chancery against chief executive Earl Kern, alleging that Kern kept him in the dark about business decisions. Krizman, who was also a minority partner in the project, wants to be released from his share of about $1 million in debt the project racked up.

After months of studies and lobbying, the university decided against hosting the project. Much of the community backlash that doomed the project centered on a proposed 279-MW power plant.

More: *The News Journal*

INDIANA

IPL Seeks First Rate Hike Since 1994

Indianapolis Power & Light asked the Utility Regulatory Commission for a rate increase that would boost the average residential customer's bill by 8%, its first general rate increase request since 1994.

Although it has been more than two decades since IPL asked for a general rate hike, it has received other boosts, including 3% rate increases for system improvements for each year between 2013 and 2019. The company also filed a request in 2014 to add about $1 to each monthly bill to pay for the conversion of its Harding Street coal-fired plant to natural gas.

IPL's general rate increase would generate $67.8 million a year in revenue and would boost the typical residential monthly bill by $8. If approved, it would take effect at the end of 2015.

More: *Indianapolis Business Journal*

IOWA

State's Energy Expert Fired With No Explanation

Gov. Terry Branstad's top energy expert was fired without notice last month, leaving a multi-million dollar energy fund without a leader.

Paritosh Kasotia, team leader of the state energy office, was asked to leave Dec. 8, according to an Associated Press report last week. Kasotia had just returned from a national energy conference when she was told she had been ousted, and she stopped working the same day.

Kasotia began overseeing the Office of Energy Independence under Democratic Gov. Chet Culver, administering grants in the $71 million Iowa Power Fund. Branstad, a Republican, began dismantling the fund after taking office in 2011, moving the energy office to the economic development agency.

More: *Telegraph Herald*

KENTUCKY

Another County Opposes Kinder Morgan NGL Plan

Opposition is mounting in the state against a plan by Kinder-Morgan Energy to convert its existing Tennessee Gas Pipeline to carry natural gas liquids from Appalachian shale fields to the Gulf Coast.

Marion County joined Boyle County in passing a resolution opposing Kinder-Morgan's plan to repurpose the 71-year-old pipeline to carry a mixture of natural gas liquids like propane and butane to a Gulf Coast processing plant. The pipeline passes through 18 counties in Kentucky.

Marion County last year opposed construction of the Bluegrass Pipeline, which also would have carried NGLs. That pipeline died after a state judge ruled that its planners didn't have eminent domain powers.

More: *The Advocate Messenger*

PSC Approves First Large-Scale Solar Plant

The Public Service Commission has approved construction of the first utility-scale solar plant in the state. Kentucky Utilities will own 61% of the 10-MW facility and Louisville Gas & Electric will own the remaining 39%.

The plant will be built on the site of KU's E.W. Brown Generating Station in Mercer County, with its $36 million cost subsidized by ratepayers.

KU and LG&E originally applied to build both the solar plant and a 670-MW combined-cycle plant. Plans for the natural gas-fired plant were canceled after KU lost nine wholesale power contracts from municipal customers.

More: *The State Journal*

LOUISIANA

Industrial Boom Points Toward Need for New Power Plants

Low utility prices and cheap natural gas are fueling a boom in industrial growth in Louisiana, and utilities are struggling to keep up with demand. Entergy just fired up a new combined-cycle plant, but some estimates

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STATE BRIEFS

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show that more plants, or more imported electricity, will be needed by the end of 2015, and still more by the end of 2019.

In addition to building new plants in Louisiana and Arkansas to meet demand, Entergy is purchasing even more power from wholesale markets. "All that will help, but ultimately we're going to need to build new generation," said Phillip R. May, head of Entergy's Louisiana operations. "It has to be new steel in the ground to meet all of this new load. … We're on the front end of a pretty steep curve in growth."

Entergy has yet to file a multiyear rate increase request to help finance the need for new plants, but consumer advocates are already marshaling forces to block them if they do. "We don't feel it's fair that residential and commercial customers should have to foot the bill (for power) that will be needed primarily by the large industrial sector," said Casey DeMoss Roberts, head of the Alliance for Affordable Energy. "The industrial customers should have a special rider to pay for it."

More: *The Advocate*

MARYLAND

Judge Affirms PSC Ruling On Cove Point Power Plant

A Baltimore judge has upheld the Public Service Commission's approval of Dominion Resources' plans to build a 130-MW generating station to support its liquefied natural gas export terminal at Cove Point.

Circuit Court Judge Alfred Nance ruled the PSC did not act outside its authority when approving the power plant. The Accokeek, Mattawoman, Piscataway Creeks Communities Council had appealed the PSC decision.

The power plant is part of Dominion's $3.8 billion project to convert the LNG importation terminal into an export terminal.

More: *BayNet*

MISSISSIPPI

Cost of Kemper Keeps Growing: Another $25M in Overruns Reported

Mississippi Power, the Southern Co. subsidiary building a coal gasification power plant in Kemper County, revealed a further $25 million in cost overruns in a filing with the Securities and Exchange Commission on Friday. The plant's initial cost was $2.8 billion and it was projected to begin operations in 2013. The latest overruns bring the cost to more than $6.1 billion, and a report due later this month may detail even more overruns.

Southern Co. said the overruns reduced its after-tax profit by $258 million in the third quarter. The Kemper plant is designed to convert soft lignite coal to gas that will fuel its boilers. Carbon dioxide from the combustion process is to be captured for industrial uses or storage underground.

Similar plants are also experiencing trouble. Duke Energy's Edwardsport, Ind., plant suffered from construction delays and cost overruns. And FutureGen 2.0, a government-backed project in Illinois, was announced in 2003 and still isn't operational.

More: *Sun Herald*

MISSOURI

Ameren Files $135 Million Energy Efficiency Plan

Ameren Missouri has filed a three-year, $135 million energy efficiency plan with the Public Service Commission, saying it would provide more than $260 million in benefits to its customers over 20 years. The company's first energy efficiency plan, mandated by the state with the intention to cut energy use and reduce emissions, covers two years and runs out at the end of this year.

The new plan, which has 10 programs to help residential and business customers cut energy use and costs, provides incentives for energy-efficient heating and air conditioning equipment, appliances and lighting systems.

A company spokesman said the programs, together, could save up to 426,000 MWh. "That's equivalent annual use of 33,000 average-size homes on our system, so it's a very significant amount of savings on behalf of our customers," Dan Laurent said.

More: *St. Louis Public Radio*

MONTANA

PSC Blocks Wind Power Agreement for NorthWestern

Rejecting its staff's recommendation, the Public Service Commission voted 3-2 against allowing NorthWestern Energy to buy power from a 25-MW wind farm near Fairfield.

Greenfield Wind would have sold power to NorthWestern for $54/MWh under a 25-year contract. That compares to a recent hydro contract that did get PSC approval at $57 to $58 per megawatt hour.

Commission Chairman Bill Gallagher, one of the objecting voters, said tying the utility, and its ratepayers, into the wind power contract would cost it money when the wind power was available but not needed, and would be sold at a loss on the wholesale market. "The difference in that price is going to be left to the consumer," Gallagher said.

More: *Montana Standard*

NEW JERSEY

BPU-Set Gas Rate Means Refunds For Some State Gas Customers

Elizabethtown Gas residential customers will get an average refund of $40 after the Board of Public Utilities approved a lower supply charge.

Company officials said the lower cost of gas from Marcellus Shale production will save its customers $10 million. The refund is on top of the lower gas rate approved by the BPU late last year.

"Essentially, there's an abundant supply of natural gas now that's serving to lower prices for customers," said Duane Bourne, a company spokesman.

More: *Elizabethtown Gas*

Environmentals Still Concerned About Pine Barrens Pipeline Project

A proposed natural gas pipeline through the Pine Barrens that failed to gain approval by the Pinelands Commission last year poses a "real cause of concern," according to the

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STATE BRIEFS

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year-end report of the Pinelands Preservation Alliance.

The environmental group's "State of the Pinelands Report" said the commission's deadlocked 7-7 vote on the pipeline shows that pressures still exist on the natural resources in the area. After the vote, Gov. Chris Christie nominated two new members for the commission, but those appointments were put on hold in a contentious legislative hearing that focused mostly on the pipeline proposal. South Jersey Gas wants to build the pipeline to fuel the B.L. England power plant, which is being converted from coal to natural gas.

"The most well-known threat to the integrity of the Pinelands protection rules over the past year is the South Jersey Gas pipeline issue," the alliance's report stated.

More: *Shore News Today*

NORTH DAKOTA

PSC Approves Another 172 MW Of Wind Power at Antelope Hills

A $240 million wind farm on 22,000 acres in western North Dakota received approval from the Public Service Commission. The 86-turbine, 172-MW Antelope Hills Wind Project near Beulah, Mercer County will be in service by the end of this year, according to PSC Chairman Brian Kalk.

Basin Electric Cooperative has signed a 25-year power purchase contract for the full output of the new facility. It will be added to the 1,600 MW of wind power currently operating in the state and 1,200 MW of wind power already approved by the commission.

Antelope Hills has applied for a 9.5-mile, 345-kV transmission line to carry its output to a grid connection at Basin Electric's Antelope Valley Station coal-fired plant.

More: *Prairie Business*

OHIO

FirstEnergy Sweetens the Pot For its Proposed Rate Plan

FirstEnergy, in an attempt to show support for its controversial "Powering Ohio's Progress" electric security plan, filed a proposed joint settlement agreement with the Public Utilities Commission.

FirstEnergy's proposal to receive supply guarantees for several power plants has prompted a backlash from opponents, who said the company had already been rewarded for its merchant plants during the state's transition to market rates.

Now, in exchange for the price supports, FirstEnergy proposes a freeze on distribution rates through 2019, $23 million in economic development funding and up to $7 million in low-income funding. The company said it has the support of 15 parties, including the city of Akron, labor and various user groups. PUCO will schedule hearings on the plan soon. The commission's staff hasn't filed its comments yet.

More: *The State Journal*

PENNSYLVANIA

Sustainable Energy Board Meeting To Spotlight Coming Projects

The annual meeting of the Sustainable Energy Board on Jan. 15 will feature an update on projects for the state.

Met-Ed and Penelec will provide an overview and update on their mapping program that shows where sustainable energy grants were apportioned. West Penn Power will provide an overview of projects funded by its program and will talk about a sustainable energy fund bond program it recently launched with the state. PPL will report on an LED lighting project at Harrisburg International Airport. And PECO Energy will detail its new third-party financing project for renewable energy projects.

The meeting is set for 11 a.m. in Hearing Room 1 of the Commonwealth Keystone Building in Harrisburg.

More: *PUC*

SOUTH DAKOTA

Keystone May Have Votes in Congress, but State Approval Key

Incoming members of Congress may have approval of the Keystone XL Pipeline in their sights, but the Public Service Commission still needs to grant a crucial approval, and that may not be too easy. More than 40 groups have filed to intervene in the commission's approval process.

The PSC approved the pipeline in 2010, but that construction permit expired last June. TransCanada has filed for a new construction permit, but most of the groups who have filed with the PSC are against the line. The commission has scheduled hearings in February, March and April to consider what can be heard and filed at the final hearings, which are scheduled for May 5-8.

More: *Economics 21*

TEXAS

LNG Terminal Plans on Hold Due to Falling Gas Prices

Excelerate Energy told the Federal Energy Regulatory Commission that it is putting its floating liquefied natural gas terminal project near Port Lavaca on hold, partly because of plunging natural gas prices.

"Due to the recent global economic conditions, the company has determined that, at this time, this project no longer meets the financial criteria necessary in order for us to move forward with the capital investment," the company announced last week. The company asked FERC to put its project filings on the shelf until April 1.

The export facility was to have been built in Lavanca Bay, about 30 miles southeast of Victoria. The $2.5 billion project would have been the first floating LNG export terminal in the U.S.

More: *FuelFix*

VIRGINIA

Residents Question Need for Line: Dominion Short on Answers

Northern Virginia residents have questioned the need for a transmission line proposed by Dominion Virginia Power to serve an unnamed high-tech client near Haymarket in Prince William County, west of Manassas National Battlefield Park.

Although Dominion won't identify the customer, rumors abound that a major Amazon data center is planned for the area. Dominion spokeswoman Le-Ha Anderson said the utility's existing lines aren't large enough to supply the prospective client's needs. Dominion estimates the costs of the new line and a substation are about $65 million.

Residents of Haymarket and surrounding areas say the proposed line would be unsightly and impact property prices. A town hall meeting for residents is scheduled for tonight at Battlefield High School.

More: *Washington Business Journal*

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State Briefs

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WEST VIRGINIA

PSC OKs Sale of 50% of Mitchell Plant to Wheeling

The Public Service Commission has approved American Electric Power's $550 million sale of half of its Mitchell Power Plant to one of its subsidiaries, Wheeling Power.

The 1,600-MW coal-fired plant, on the banks of the Ohio River in Moundsville, is 43 years old, but it recently had its emissions-control systems upgraded.

Another AEP subsidiary, Kentucky Power, owns the other half of the plant. The entire plant had been owned previously by AEP's merchant generation business.

More: *The State Journal*

WYOMING

PSC to Let Cheyenne LF&P To Fix $5.1 Million Mistake

Cheyenne Light, Fuel & Power made a mistake when doing the calculations for its most recent rate case – a $5.1 million mistake. Its 2014 rate case left out a monthly collection from its residential customers of about $8.88 a month. This resulted in a collection shortfall for November and December of $985,875, which would grow to $5.1 million over a full year.

The company asked the Public Service Commission for permission to make up the difference on an interim basis, pending approval of a new rate case. The commission ruled in late December it would allow the company to re-file the rate case, but that ruling is on hold pending an appeal by two of Cheyenne's industrial customers.

A decision is expected soon.

More: *Wyoming Tribune Eagle*

Energy Sector Drives Tax Revenues up by 13.2%

The state collected $43.2 million more in sales and use taxes during the first five months of its fiscal year, ending November. That's good news for state officials, but there's bad news on the horizon.

State finance officials say the strongest counties – Campbell, Laramie and Converse – collected $26.1 million of that, and much of that was due to energy industry jobs and services.

"From an industry perspective, the mining [including oil and gas], retail trade and construction sectors have captured most of the collection gains to date," said Jim Robinson, principal economist for the Economic Analysis Division of the state Department of Workforce Services. But the recent plunge in natural gas and oil prices means tax collections in those counties are almost sure to drop as well.

More: *Wyoming Business Report*

-- Compiled by Ted Caddell

Cruthirds At Large

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Insider's readers. I appreciate Rich Heidorn Jr. for providing me with this opportunity, and encourage readers to provide feedback on anything they see in one of my columns.

Seams, Anti-Trust Practices and Boondoggles

I've written extensively on issues such as the costly seams dispute between MISO and its neighbors that include SPP, the Tennessee Valley Authority and Southern Co. The power flows across MISO's neighbors were clearly foreseeable from the December 2013 integration of Entergy into MISO, but MISO overplayed its hand by relying on a provision in the MISO-SPP joint operating agreement rather than negotiating a new agreement during the two-year Entergy integration process.

I've also commented on the U.S. Department of Justice's still unresolved investigation of Entergy's transmission and power procurement practices that decimated the merchant power sector in its region.

Other important and ongoing issues of note include Southern's colossal disaster at the Kemper integrated gasification combined-cycle (IGCC) project in Mississippi. Southern used its political machine to force the project through the Mississippi Public Service Commission despite clear indications that low natural gas prices from the "shale gale" would make the project extremely uneconomic compared to other alternatives. Southern exacerbated the harm to Mississippi Power's ratepayers and its own stockholders by seriously mismanaging the engineering, procurement and construction aspects of the project, which is based on Southern's proprietary IGCC technology. So much for utility self-build projects having less risk than market alternatives!

Write it Big & Tall – Or Not at All

As you can see, I'm not shy about taking on controversial issues in my role as an "equal opportunity critic." My writing style recalls a line from a song by Austin-based singer-songwriter Bob Schneider, who said to "write it big and tall or not at all."

Our industry is the lifeblood of our nation's economy. Life as we know it literally would not be possible without the electric utility industry. Industrial, commercial and residential consumers collectively pay billions of dollars to cover the cost of utility investments and state and federal regulators' decisions – some good, some not so bad and some really bad ones – so these issues are extremely important and worthy of critical analysis and commentary.

I look forward to contributing to *RTO Insider* and welcome feedback from readers – on or off the record.

MISO, Generators Oppose Duke Must-Offer Waiver Bid

Continued from page 1

commission with a modified request (ER15-435).

Duke told the commission that buying replacement capacity for its Wabash Units 2-6 for the six-week period could cost up to $17.7 million. Consumers said buying replacement power for the 2015-2016 planning year would cost $5.8 million to $84.8 million.

In a Dec. 29 filing opposing Duke's request, MISO said the waiver requests have grown to 2,440 MW.

"It is very difficult to understand how these accumulated waiver requests are limited in scope and will not have a great potential for undesirable consequences. Moreover, a large number of pending requests creates additional regulatory uncertainty among buyers and sellers of capacity and hinders the efficiency of MISO's capacity construct," MISO said.

Dynegy, NRG Energy and Exelon also opposed Duke's request, arguing that MISO's reserve margins have suffered a "dramatic" fall since IPL's June 2014 request. IPL cited an "available maintenance" of a minimum 3,000 MW in Zone 6 for the April-May 2016 period.

"By contrast, [Duke Indiana] acknowledges that 'MISO's updated monthly Maintenance Margins' now show a low of 738 MW,'" the companies said in a Dec. 29 protest. "This is a razor-thin margin in a zone with forecasted demand of 17,629 MW."

Wabash River Station (Source: Duke Energy)

Pandora's Box?

FERC Commissioner Norman Bay had warned that the number of waivers would grow last October when he dissented in the IPL decision. (See *IPL Wins Waiver from MISO Must-Offer Rule for Retiring Eagle Valley Units*.)

Bay warned that a one-time waiver "creates an unfortunate precedent that erodes MISO's capacity construct, undermines the bilateral market for capacity and blurs, unnecessarily, a line that had once been bright."

MISO used a monthly resource adequacy construct until 2012, when the RTO won FERC approval for an annual construct, saying the monthly capacity products might not provide the certainty to attract competitive participants to the auction. The change meant that capacity resources would be required to be available anytime during the planning year.

That became problematic when utilities began making plans to retire older units to comply with MATS. Duke Indiana decided that in 2016 it would retire Wabash Units 2-5 and suspend Unit 6.

Duke argues that it essentially faces the same situation that confronted IPL, which plans to retire its Eagle Valley coal units in 2016 as part of MATS compliance.

Duke Leaves Bigger Void

But suppliers noted that Duke's 668-MW Wabash units are considerably larger than Eagle Valley's 216-MW capacity.

In November, the commission rejected Consumers Energy's initial request for a waiver of its Classic Seven units, noting they comprise 940.7 MW in Michigan, 14.5% of the utility's total capacity.

As for Duke's must-offer waiver request, the three suppliers told FERC that while the Eagle Valley plant represents about 1.2% of total demand forecast for MISO's Zone 6, the combination of Eagle Valley and Wabash River Units 2-6 "would now represent 5% of the total demand forecast in that zone."

The Year in Review: Capacity Market News Tops Readers' Interest

Continued from page 1

fix each claimed two spots on the list.

The EPA will be the subject of much coverage this year as its Mercury and Air Toxics Standards (MATS) force thousands of megawatts of coal-fired generation into retirement, and as it finalizes its carbon emissions rule in June. Legal challenges to the rule, which have already begun, will surely increase traffic at the D.C. Circuit Court of Appeals.

It was that court that roiled the demand response industry last year with a ruling voiding FERC jurisdiction over pricing of DR in wholesale energy markets, a decision FERC is hoping the Supreme Court will reconsider. (See related story, *FERC Report Shows Spotty Growth for DR, Advanced Meters*, page 2.)

The mergers and acquisitions that were big news in 2014 also will generate headlines this year as they make their way through the regulatory approval process. Among the most prominent: PPL's spin-off of its generation in a combination with Riverstone Holdings; Exelon's purchase of Pepco Holdings Inc.; Wisconsin Energy's acquisition of Integrys Energy Group (with Exelon taking on Integrys' retail power and gas subsidiary); Dynegy's acquisition of generation from Duke Energy and Energy Capital Partners; and Constellation combining its commercial and industrial demand response business with Comverge.

PJM had hoped that the selection of a transmission developer for the Artificial Island fix

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PJM Fights Cold, Talks Heat

Heat Wave To-Do List Grows Longer

PJM Shivers to New Winter Demand Record

Consensus Still Elusive on Auction Arbitrage Fix

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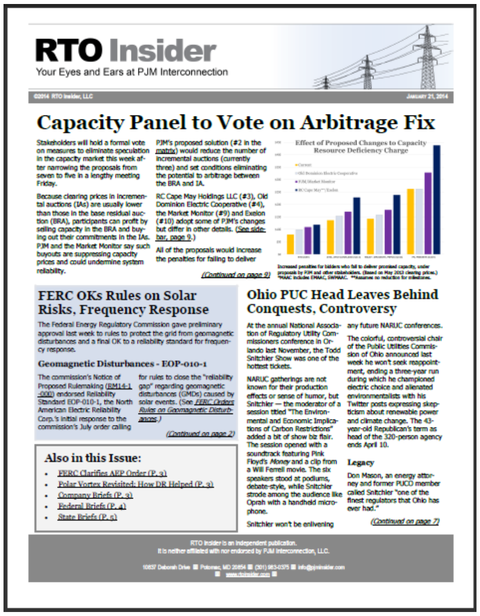
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Capacity Panel to Vote on Arbitrage Fix

FERC OKs Rules on Solar Risks, Frequency Response

Ohio PUC Head Leaves Behind Conquests, Controversy

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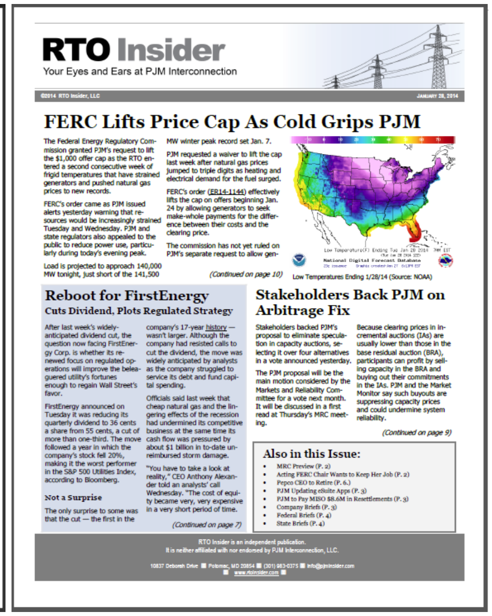
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FERC Lifts Price Cap As Cold Grips PJM

Reboot for FirstEnergy

Stakeholders Back PJM on Arbitrage Fix

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High Prices Claim Green Retailer; Others May be in Jeopardy

FERC Pick a Blank Slate

Pipelines, PJM to Align Daily Schedules

Busy Week in PJM's FERC Dockets:

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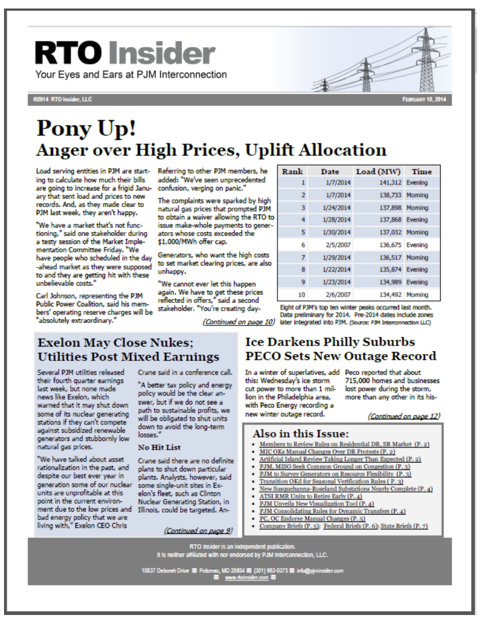
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Pony Up! Anger over High Prices, Uplift Allocation

Exelon May Close Nukes; Utilities Post Mixed Earnings

Ice Darkens Philly Suburbs; PECO Sets New Outage Record

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Reliability, Market Concerns at NARUC, PJM Conferences

Duke Merchant Exit Signals 'De-Integration': Analysts

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PJM Trader Calls FERC on Manipulation Probe

Second Time Not the Charm

AES: Buyer's Remorse on DPL Acquisition

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Not So Fast — FERC Questions May Delay New DR Rules

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PJM: ConEd Protest over PSEG Upgrade Groundless

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State of the Market(s) 2013

Appellate Court Skeptical of Order 1000 Challengers

NRG Doubles Down

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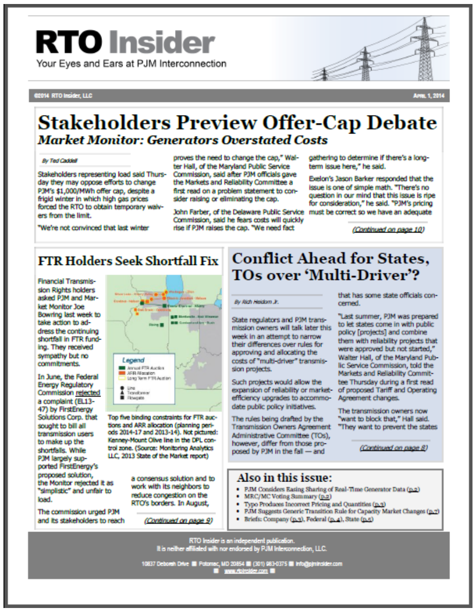
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Stakeholders Preview Offer-Cap Debate
Market Monitor: Generators Overstated Costs
FTR Holders Seek Shortfall Fix
Conflict Ahead for States, TOs over 'Multi-Driver'?
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Potential Boost for Nuclear Plants
States Seek Answers to High Prices; FERC Finds No Evidence of Improprieties
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- Looking Ahead: Winter 2014-15 (p.3)
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Planners Near Artificial Island Pick
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Tiny Hydro Projects Joining Generation Mix in PJM
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Wind: We're Not Nukes' Problem
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Effort to Lift Offer Cap Advances After Debate
FERC Clears Capacity Import Limits
Monitor: Changes Could Triple Capacity Revenues p.2
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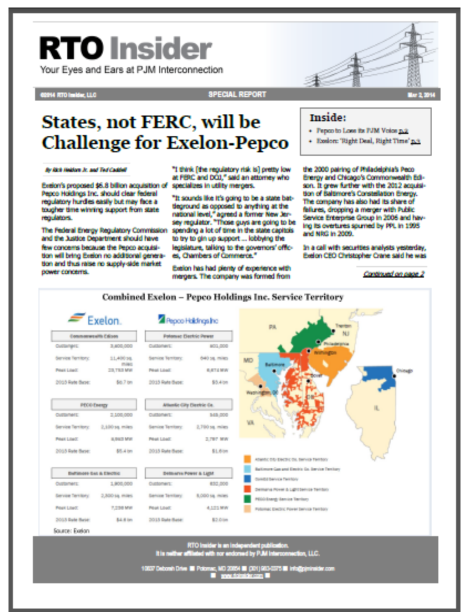
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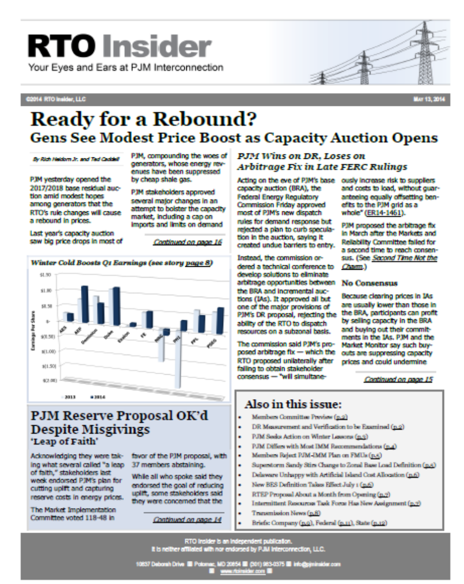
Special Report | May 2, 2014
States, not FERC, will be Challenge for Exelon-Pepco
Inside:
Combined Exelon – Pepco Holdings Inc. Service Territory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Gens See Modest Price Boost as Capacity Auction Opens
PJM Wins on DR, Loses on Arbitrage Fix in Late FERC Rulings
Winter Cold Boosts Q1 Earnings
PJM Reserve Proposal OK'd Despite Misgivings
'Leap of Faith'
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Market Monitor Suggests Price Gouging by Generators
PJM Annual Meeting 2014
Cooling Water Rule: 7,000 MW Lost in PJM?
Dominion, PSE&G Proposals Gain in Artificial Island Race
Also in this issue:


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Special Report | May 27, 2014
Capacity Prices Jump Following Rule Changes
Prices Double in Western PJM, Flat in East
Capacity Auction Clearing Prices 2017/2018
Major Rule Changes Reduced Imports, DR

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How Exelon Won by Losing

PJM Backs Duke's $9.8M 'Stranded Gas' Claim

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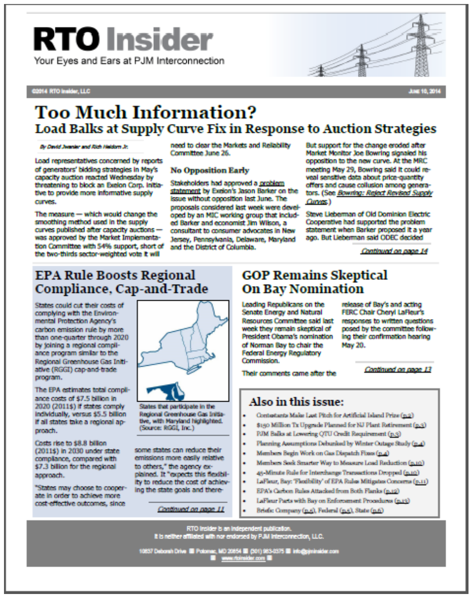
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Too Much Information?
Load Balks at Supply Curve Fix in Response to Auction Strategies

EPA Rule Boosts Regional Compliance, Cap-and-Trade

GOP Remains Skeptical On Bay Nomination

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FERC Splits over ROE
Norris: 'Troubling Precedent' Hurts Consumers

CAISO Expands Reach to 7 States
The Beginning of an 'RTO West'?

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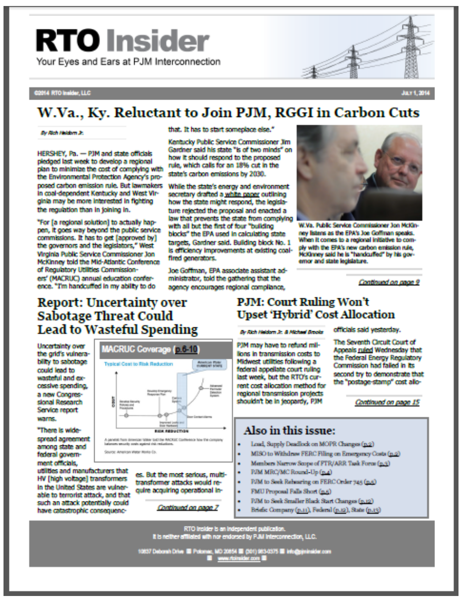
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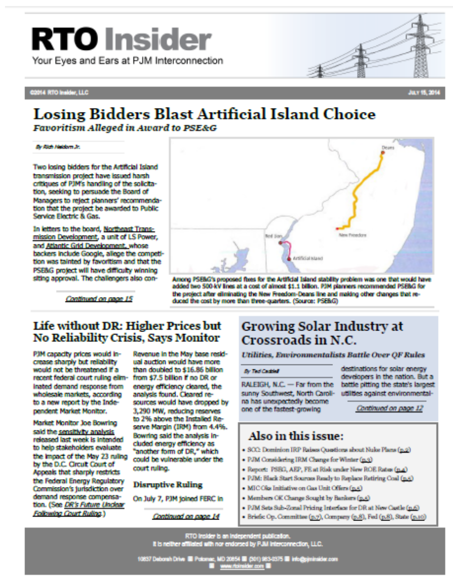
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Favoritism Alleged in Award to PSE&G

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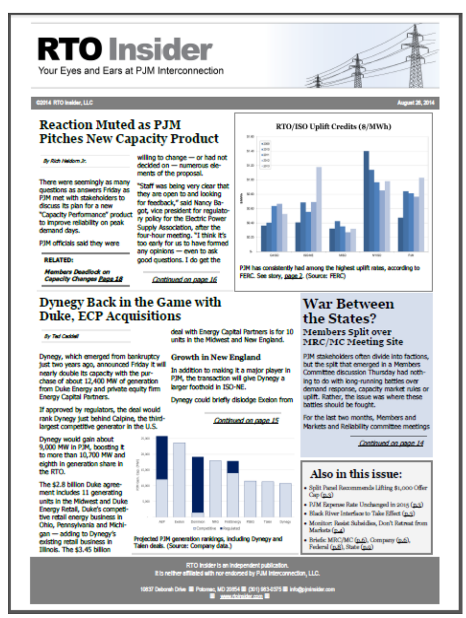
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Dynegy Back in the Game with Duke, ECP Acquisitions

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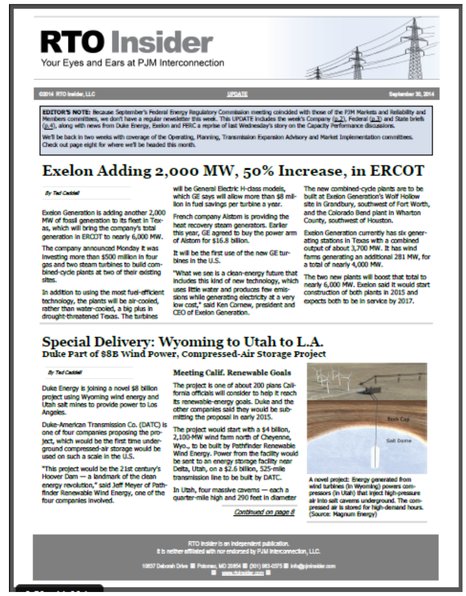
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Exelon Adding 2,000 MW, 50% Increase, in ERCOT
Special Delivery: Wyoming to Utah to L.A.
Duke Part of $8B Wind Power, Compressed-Air Storage Project
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Yes: We've Learned Our Lesson
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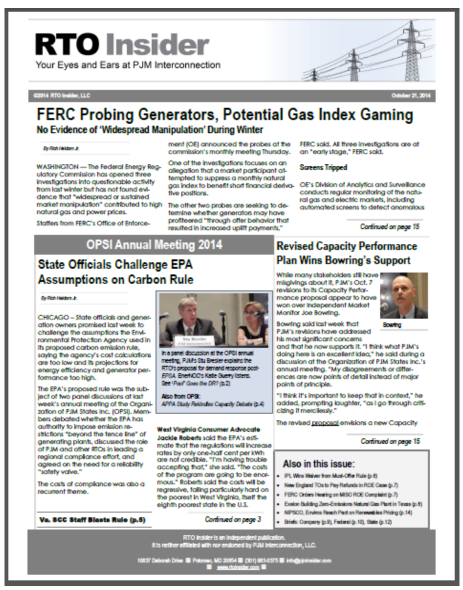
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Revised Capacity Performance Plan Wins Bowring's Support
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EPSA Stay Complicates 2015 Auction
Wisconsin Utilities Seek Rate Changes in Rooftop Solar Battle
PJM Grid 20/20
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What We Don't Know Can Hurt You
FERC Staff Accuses Generator of Cheating ISO-NE
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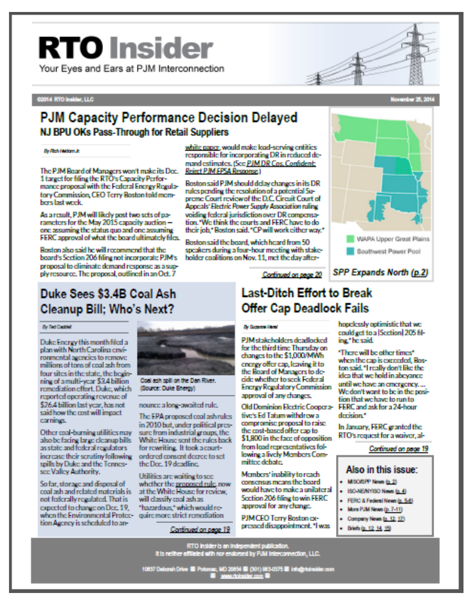
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Duke Sees $3.4B Coal Ash Cleanup Bill; Who's Next?
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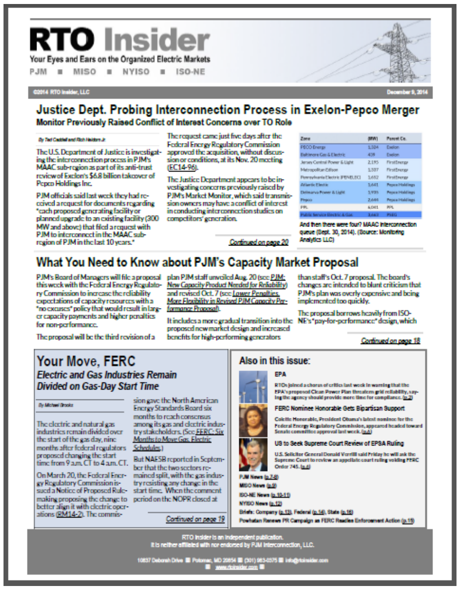
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People's Counsel Calls for Rejection of Deal
Artificial Island Finalists Face Off in Tense Meeting
PJM Monitor: Bar Generators from Cost Development Rulemaking
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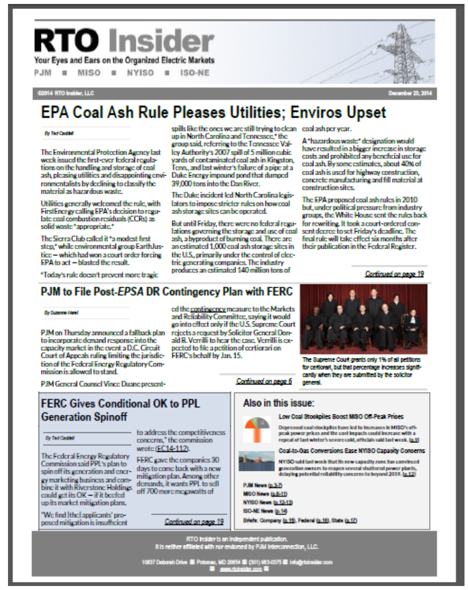
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FERC Gives Conditional OK to PPL Generation Spinoff
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PJM's Offer Cap Proposal Sparks Opposition

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PJM Responds to Monitor's Comments

Independent Market Monitor Joe Bowring expressed general support for the proposal, but he challenged some of the details, saying the highest valid cost-based offer the Monitor reviewed last winter was less than $1,500, not the $1,724/MWh cited by PJM.

In an answer filed yesterday, PJM said that the Monitor was referring to values that were reduced in an after-the-fact review of offers' actual gas costs, imputed heat rates and elimination of the 10% adder.

The $1,724 offer — the highest cost-based offer ever submitted under PJM's cost development guidelines — "was validly submitted," PJM said.

The Monitor also advised that because it was natural gas spikes that prompted the filing, the cap should be restricted specifically to the cost to procure gas.

On this point, PJM appeared to have had second thoughts.

PJM said it did not add limiting language to the Tariff and Operating Agreement because of concerns it might result in legitimate costs being disallowed due to the difficulty of determining whether such costs more than $1,000 resulted from increases in gas prices. It said its proposal and the cost development guidelines "provide reasonable limits on the type of costs that may be included."

However, the RTO said it shares the Monitor's concerns and offered new Operating Agreement language to address them, "given the temporary nature" of the requested increase in the cap.

PJM's answer also defended — to a point — its proposal to allow shortage prices to rise above the current $2,700/MWh limit.

"Shortage pricing in PJM is based on simultaneous optimization of energy and reserves, and the energy price during reserve shortage conditions is a function of energy offers and reserve penalty factors," PJM said.

"If the commission were to limit energy prices to $2,700/MWh when reserve penalty factors are applicable and cost-based offers are greater than $1,000/MWh, it would depress reserve prices below the appropriate levels needed to capture operator actions in market clearing prices. This would in effect reduce the incentive for resources to follow PJM's dispatch instructions during the most critical operating periods and create out-of-market uplift payments that undermine the pricing signals."

If the commission thinks the $2,700 limit should remain, the RTO said, it would revise its filing.

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The Year in Review: Capacity Market News Tops Readers' Interest

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— its first competitive transmission project under FERC Order 1000 — would be completed last summer. But controversy over PJM planners' selection of Public Service Electric and Gas led the PJM Board of Managers to reopen the bidding for four finalists. Planners now hope to present a final recommendation at Thursday's Transmission Expansion Advisory Committee meeting. (See *PSEG Nuclear Calls on PJM Board to Block 'Risky' Artificial Island Fix*.)

RTO Insider's Expansion

While we'll be writing about a lot of the same issues in 2015, we'll be doing so with an expanded reporting staff and geographic focus as we deepen our coverage in MISO, SPP, NYISO and ISO-NE.

With this issue, we are expanding our state briefs column to include the 11 MISO states not shared with PJM. Welcome to Arkansas, Louisiana, Mississippi, Missouri, Texas, Iowa, Minnesota, Montana, Wisconsin and the Dakotas — both of them!

Ten of those states are also shared by SPP. We'll be adding the four states in the rest of SPP's footprint, along with New York and the states in ISO-NE, later this year.

Welcome to *Cruthirds Report* Readers

We'll be doing it with a much larger audience, thanks to our agreement to supply the unexpired subscriptions of *The Cruthirds Report*. Sadly, *The Cruthirds Report* ceased operations in December after 11 years of covering Entergy, Southern Co. and the electric industry in the Southeast.

Happily, its founder, former Dynegy regulatory attorney David L. Cruthirds, has agreed to continue raising hell with his observations as a columnist for *RTO Insider*. You'll see his introductory column on page 1 of today's issue.

David also will be writing from the Louisiana Public Service Commission's monthly Business & Executive meeting in Baton Rouge on Jan. 21 and the Gulf Coast Power Association's one-day briefing on "Challenges & Changes in Energy on the Bayou" in New Orleans on Feb. 5. The GCPA event will include a discussion on how the MISO South market has worked in the first year and what challenges lie ahead.

David is an outspoken advocate for competition, fairness and transparency. You may not agree with David's opinions, but you'll never have a question about where he stands.

We are thrilled to add David's voice and loyal readers as we continue to build *RTO Insider* as your eyes and ears in the organized electric markets. Whether it happens in Valley Forge, Washington, Albany or Carmel — *RTO Insider* will be there bringing you exclusive "in the room" coverage.

Thanks for your support in 2014. Here's to a great 2015!

Rich Heidorn Jr. and Merry Eisner

RTO Insider's 25 Most-Read Stories of 2014

Rank	Headline	Pub. Date
1	Capacity Prices Jump Following Rule Changes	5/27
2	Analysis: LaFleur Cruises, Bay Bruises in Confirmation Hearing	5/21
3	Court Throws Out Demand Response Rule	5/23
4	How Exelon Won by Losing	6/3
5	Capacity Prices Double in Western PJM, Flat in East	5/23
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7	Monitor Suggests Price Gouging by Generators	5/20
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10	PJM Trader Calls FERC on Manipulation Probe	3/3
11	Billions at Stake in Capacity Market Challenge	4/22
12	Rebound? Gens See Modest Price Boost as Auction Opens	5/12
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14	AES: Buyer's Remorse on DPL Acquisition	3/14
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16	Tiny Hydro Projects Joining Generation Mix in PJM	4/22
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22	Load Balks at Supply Curve Fix in Response to Auction Strategies	6/10
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24	PJM Wins on DR, Loses on Arbitrage Fix in Late FERC Rulings	5/12
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MRC/MC Preview

7. ENERGY MARKET UP-LIFT SENIOR TASK FORCE (EMUSTF) Charter (11:00-11:10)

Members will be asked to approve the charter for the Energy Market Uplift Senior Task Force (EMUSTF). The MRC approved the creation of the task force in May to take a broad review of its method of providing Operating Reserve payments.

PJM said the changes were needed to reduce growing uplift costs resulting from Operating Reserves, "make whole" payments that ensure generators dispatched out of merit for system reliability don't operate at a loss.

See *PJM Proposes Operating Reserve Changes to Cut Uplift*

Energy Market Uplift Senior Task Force Charter

Draft

Mission

The Markets and Reliability Committee (MRC) approved the creation of the Energy Market Uplift Senior Task Force (EMUSTF) on May 30, 2013 to evaluate causes for energy market up-lift charges, develop ways to minimize them while maintaining prices that are consistent with operational reliability needs, and explore new methodologies for the allocation of make-whole payments.

PJM Proposes Operating Reserve Changes to Cut Uplift

April 30, 2013

PJM called Thursday for a broad review of its method of providing Operating Reserve payments, saying changes were needed to reduce growing uplift costs.

Operating Reserves are "make whole" payments that ensure generators dispatched out of merit for system reliability don't operate at a loss. Because they are collected through uplift charges and not reflected in day-ahead or real-time locational marginal prices, they cannot be hedged.

In 2012, operating reserve payments totaled a near record $649 million, 2.2% of total billing. Day-ahead operating reserve charges increased by about 90% in 2012, spiking in September after PJM increased the number of "must run" units dispatched in the day-ahead market.

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OHIO

Industry Likes Efficiency Rule, Wants Spending Cap

The Ohio Manufacturers Association favors the state's energy efficiency standards but wants a cap on how much utilities can charge for efficiency riders. The group said is still studying provisions of a bill that has been introduced to make changes in the program.

Meanwhile, wind energy supporters argued against a provision in the bill that would eliminate requirements that utilities buy a certain amount of in-state renewable energy.

More: *Columbus Business First; The Columbus Dispatch*

- **Voting summaries**

Trading Limits

Reason for Change: PJM proposed the cap because high bid volumes can make it difficult for the RTO's day-ahead markets software to reach solutions.

Impact: PJM can limit market participants to no more than 3,000 UTC transactions each in the day-ahead market when necessary for market operations. (A similar cap also applies to increment offers and decrement bids.)

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PJM should be able to absorb the more than 7,000 MW of imports that cleared in May's capacity auction for 2016-17, officials said. -more-

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Members agreed to consider new rules to allow batteries, flywheels and other advanced storage technologies to bid in the capacity market. -more-

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PJM will seek to set a limit on capacity imports before next year's Base Reliability Auction under a problem statement approved Thursday by the Planning Committee. -more-

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PJM's recommended Installed Reserve Margin (IRM) will increase slightly because of the increasing alignment of the RTO's peak demand with demand outside of the region, according to a preliminary analysis presented to the Planning Committee Thursday. -more-

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