RTO Insider
Your Eyes and Ears on the Organized Electric Markets
ISO-NE ■ MISO ■ NYISO ■ PJM ■ SPP

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Entergy Out-of-Cycle Tx Request Draws Competitors' Ire

By Rich Heidorn Jr.

CARMEL, IND. — MISO transmission developers cried foul last week over Entergy's proposed $187 million transmission upgrade near Lake Charles, La., saying the company's request for expedited approval is denying them a chance to compete for the project.

Entergy Gulf States Louisiana filed the request with MISO on Dec. 15, saying it was in response to a system need identified on Dec. 1.

The company asked that the request be treated as an out-of-cycle project and not as part of the normal MISO Transmission Expansion Planning (MTEP) process. "Due to major industrial expansion projects ongoing in the Lake Charles area and the aggressive timeline to complete the project by summer of 2018, this project needs to be started in the first half of 2015," it said.

The project, which the company described in a Jan. 8 press release as "one of the largest single transmission projects in Entergy's history," includes two new substations, expansion of a third and 25 miles of 500-kV

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PPL, Riverstone Accept FERC Mitigation Plan on Spinoff

Talen Will Make Only Cost-Based Offers on 650 MW in PJM

By Ted Caddell

PPL and Riverstone Holdings have agreed to satisfy market power concerns over the spinoff of their generation by making only cost-based offers for the more than 650 MW that their new company will keep in eastern PJM.

The use of cost-based offers was one of two mitigation options the Federal Energy Regulatory Commission said it would accept in its conditional approval of the companies' plan to combine their generation assets into a new company, Talen Energy.

The mitigation is intended to address market power concerns in PJM's 5004/5005 submarket in eastern Pennsylvania, New Jersey and Maryland. (See *FERC Gives Conditional OK to Talen Energy*.)

The companies revealed their response to FERC's options in a Jan. 27 informational filing (EC14-112).

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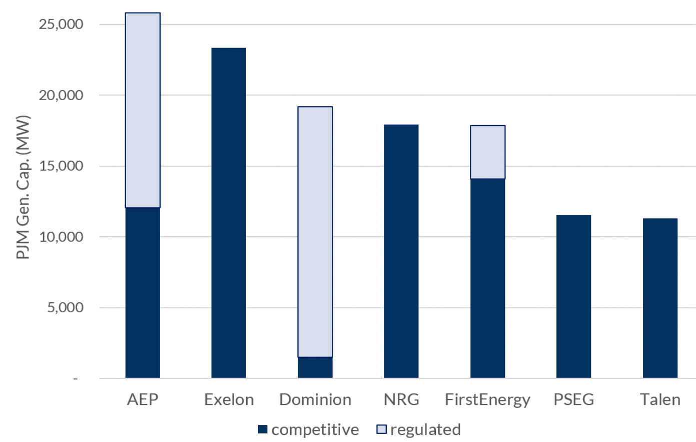

PJM generation rankings, including Talen Energy. Talen data assumes divestiture of 1,346 MW. All figures were verified with company officials. Data does not account for planned retirements or pending sales. (Source: company data)

ISO-NE Opens 9th Capacity Auction Amid Expectations of High Prices

By William Opalka

ISO-NE opened its ninth Forward Capacity Auction yesterday amid expectations of high prices as the region deals with plant retirements and tight natural gas supplies due to inadequate infrastructure. Results from the auction are expected this week or next.

Last year, for the first time, the auction failed to clear as much capacity as ISO-NE sought, falling 143 MW short of the 33,855-MW requirement. ISO-NE is seeking more than 34,000 MW for delivery year 2018/19, 334

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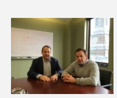
FERC Rejects Generators' Challenges on Eve of FCA9 (p.7)

Also in this issue:

PSE&G: PJM Broke Rules in Artificial Island Solicitation

PSE&G accused PJM of breaking its own rules in refereeing the competition for the Artificial Island stability fix, suggesting the RTO should scrap the process and start again. (p.10)



PJM: Gates' Trades Cost Exelon, AEP, Dominion $1M Each

Powhatan Energy Fund's trading scheme cost more than 20 PJM market participants at least $100,000 each, according to an RTO analysis released by FERC. (p.13)

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MISO NEWS

Michigan PSC to MISO: Show Us the Numbers

Regulators Seek Load-Shed Study in SSR Dispute

By Chris O'Malley

The Michigan Public Service Commission wants federal regulators to force MISO to turn over a study used to identify areas that require the operation of system support resources (SSR) in the state's Upper Peninsula.

The load-shed study is "essential" to determining whether MISO's analysis accurately identifies the local balancing authorities (LBA) that require the SSR units and — if not — how it should be modified to do so, the Michigan PSC said in a filing to the Federal Energy Regulatory Commission (ER14-2952).

In 2014, the Wisconsin Public Service Commission complained to FERC that Wisconsin ratepayers would pay a disproportionate share of SSR costs (ER14-2860, ER14-2862). FERC agreed, and MISO responded in September with revised rate schedules that shifted the costs of the Presque Isle, White Pine and Escanaba SSR units more heavily to Michigan.

Michigan regulators are protesting MISO's allocation of SSR costs on the basis of the reduced LBA boundaries created by Wisconsin Electric Power Co. (WEPCo) as a result of Wisconsin's challenge.

Michigan has argued that WEPCo's LBA boundary changes "produce an unduly discriminatory and disproportionate allocation" of SSR costs.

As examples it cited Cloverland Electric Cooperative, whose SSR costs are estimated to rise by 800%, from $2.6 million to $21.9 million, and WEPCo's load in the Michigan U.P., which the PSC says will increase by 1,000%, from $7 million to $70 million.

The Michigan PSC said it wants FERC to reject the use of WEPCo's modified LBA boundaries to assign cost responsibility.

With the study data in hand, the PSC said, it could not only demonstrate the inaccuracy of MISO's 'optimal' load-shed study in identifying the load-serving entities that require SSR units, but also demonstrate the larger area of LSE loads that benefit from operation of the units at issue.

MISO's Dec. 17 response to a FERC deficiency notice described the load-shed study as based on "optimal contingents" designed to "minimize" the volume of load identified as needing the SSR unit. "MISO admits that the impact area identified in the load-shed study 'is not an all-inclusive identification of load that can reasonably be expected to benefit under every circumstance,'" the Michigan PSC wrote.

After reviewing the response, the PSC said it asked MISO for a copy of the unredacted load-shed study. MISO refused, the PSC said, saying it was only available to MISO staff and transmission owners.

"The Michigan PSC has reason to believe that the 'optimal' load-shed study does not accurately identify load that requires operation of the SSR units," the PSC said. "For this reason, the Michigan PSC desires to conduct alternate studies that are designed to identify loads that require operation of the SSR units under more realistic conditions."

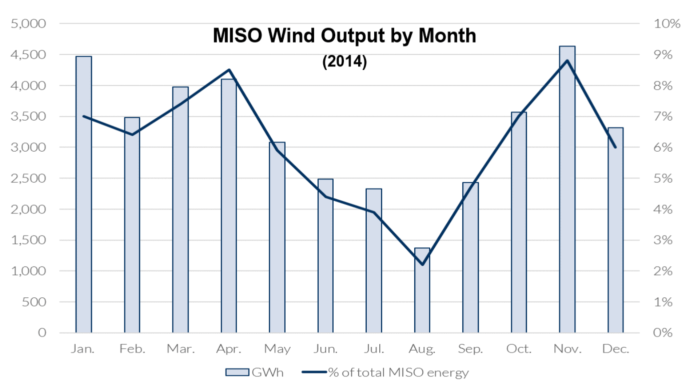
Regardless of how the PSC's request plays out at FERC, Michigan ratepayers may get some relief as a result of Upper Peninsula Power Co.'s agreement to purchase Wisconsin Energy's Presque Isle generator. UPPCO said last month it would "step into" the existing rates but eliminate the SSR agreement, relieving U.P. ratepayers of its $97 million annual cost. (See *Sale Would End SSR, Clear Way for WE-Integrys Deal*.)

Patton: M2M, Real-Time Gas Prices to Aid Operations

CARMEL, IND. — Independent Market Monitor David Patton told the MISO Board of Directors' Markets Committee last week that the RTO should see significant benefits from its market-to-market coordination with SPP and the ability to adjust gas reference prices in real time.

Patton said the market-to-market coordination should reduce the impact of SPP's transmission loading relief (TLR) actions on MISO.

About 20% of the congestion pricing at MISO generator locations in December resulted from SPP TLRs, Patton said.



MISO set a new wind generation record Dec. 31 — and then broke it little more than a week later on Jan. 8. The new record is 11.9 GW. The record before this winter was 10.7 GW. Wind was responsible for 6% of MISO's energy in December. (Source: MISO)

"While congestion costs for SPP constraints remain low, dispatch and pricing effects of these constraints were significant in December," Patton said in a presentation to the committee.

The Federal Energy Regulatory Commission approved the SPP-MISO M2M rules last month. (See *SPP, MISO Move Ahead on Flowgate Rules*.) They will take effect March 1.

"When SPP issues TLRs, we generally price these constraints at vastly higher levels than in SPP," Patton said. "Market-to-market should help."

Patton said his office has implemented new procedures for adjusting reference prices during volatile gas pricing periods. Patton said MISO's access to real-time data on gas prices is "a huge step forward. We've already implemented it and it works well."

The new tools have been used only once because the winter has thus far not been "stressful," Patton said.

MISO NEWS

MISO Planning Advisory Committee Briefs

Questions on Assumptions in MTEP16 Futures

CARMEL, IND. — Planning Advisory Committee members had plenty of questions last week as MISO officials presented their proposed scenarios for the 2016 Transmission Expansion Plan.

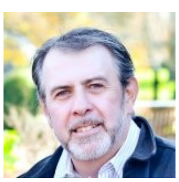
Stakeholders questioned fuel and generation price forecasts and assumptions about future penetration of renewable resources and the role of energy efficiency.

A stakeholder for EDF Renewable Energy questioned the assumptions on the costs of installing new wind capacity, challenging data from Lazard and the Energy Information Administration's Annual Energy Outlook that estimated current capital costs at $1,800 to about $2,000/kW.

"These costs seem extremely high," he said. The real cost "is probably close to half these values."

Jason Schmidt of Xcel Energy questioned why MISO planned to eliminate a future scenario that assumes an increase in state renewable portfolio standards. The proposed base case assumes only enough wind, solar and energy efficiency to meet state standards. "We just submitted a resource plan in which we doubled our wind [capacity] and achieve 10% solar by 2030," Schmidt said.

Sean Brady, of wind trade group Wind on the Wires, said he shares Xcel's concern about modeling of renewables. "It's a departure from what we've done in the past," he said.

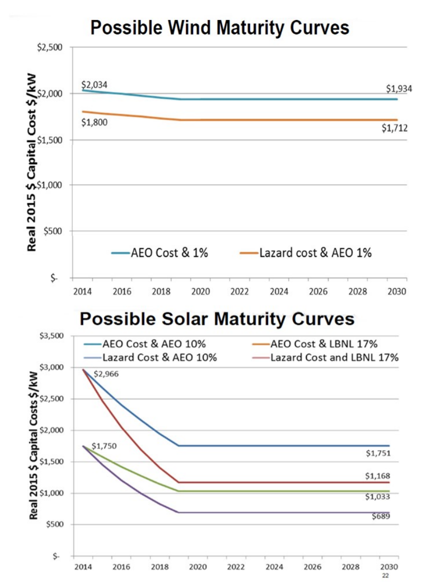


Sean Brady, Wind on the Wires

MISO's David Van Beek said "there wasn't a lot of support" among stakeholders for significantly higher targets, particularly in MISO South, where Louisiana, Mississippi and Arkansas have no RPS.

MISO officials agreed to seek additional information from Bentek about the assumptions in its gas price forecasts. Members also debated how to model age-related coal retirements.

The baseline assumes 12 GW of coal retirements by 2016 due to the Environmental Protection Agency's Mercury and Air Toxics Standards (MATS), with another 14 to 20



(Source:MISO MTEP16 Futures)

GW resulting from the Clean Power Plan, depending on regional or sub-regional compliance.

Including the projected 3 to 12 GW of age-related coal retirements leaves all non-business-as-usual futures with high retirements. If age-related retirements are excluded "more balanced retirements can be studied," MISO said.

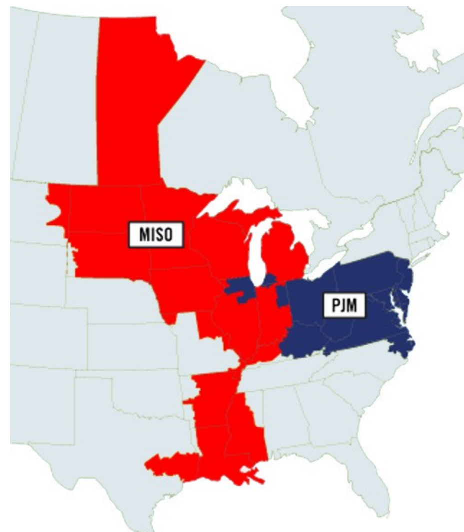
Feedback on MISO's proposed assumptions is due Feb. 11. The RTO will present its final proposals for assumptions and scenarios at the Feb. 18 PAC. The committee will take an advisory vote on the proposal via email or on a conference call after the 18th.

Order 1000 Interregional Compliance Filing

MISO said it expects to make a joint compliance filing with PJM in response to the Federal Energy Regulatory Commission's December order finding that they only partially complied with Order 1000 requirements.

The commission ordered the RTOs to modify their cost allocation method for cross-border transmission projects and develop identical language in their Tariffs to describe their interregional transmission coordination procedures (ER13-1944). (See *FERC Begins 'Next Step' on Order 1000: Interregional Filings*.)

At the Regional Expansion Criteria and Benefits Task Force meeting Jan. 29, there was agreement that MISO will have joint stakeholder meetings with PJM to discuss the filing, MISO's Jesse Moser said.



(Source: PJM-MISO Joint Common Market)

First Interconnection Request for Battery Storage

Xcel Energy's Randall Oye, chair of the Interconnection Process Task Force, told PAC members that MISO has received its first interconnection request for battery storage and will work with stakeholders to develop a process for analyzing such requests.

In a meeting of the task force last month, Oye gave a briefing on how California is processing storage interconnections. CAISO received more than 2,000 MW of storage applications in its April 2014 study cycle in response to California law requiring 1,325 MW of storage in service by 2024, according to Oye's presentation.

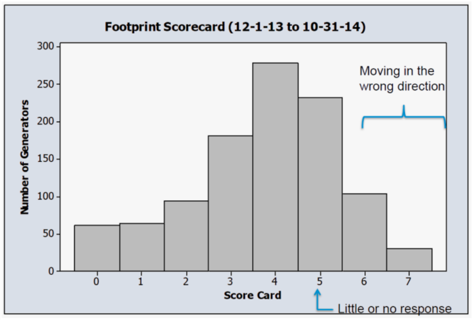
Change to Transmission Developer Prequalification Deadline

MISO has changed the deadline for transmission developers to provide the RTO audited financial statements as part of the prequalification process for Order 1000 competitions. The date was changed to May 31 from March 31 after some companies said the March date was too early based on their annual accounting schedules.

MISO NEWS

MISO Reliability Subcommittee Briefs

MISO Surveying Generators to Ready for New NERC Standard



Scorecard of frequency response performance for generators in the MISO footprint. Scores of five and above are "problematic," MISO says. (Source: MISO)

CARMEL, IND. — MISO has begun collecting data from local balancing authorities in preparation for the North American Electric Reliability Corp.'s new frequency response standard (BAL-003-1).

NERC's rule is intended to ensure sufficient frequency response from balancing authorities to control interconnection frequency. It also sets consistent methods for measuring frequency response and determining frequency bias settings.

The "generator scorecards" that LBAs are completing cover the period Dec. 1, 2013, through Oct. 31, 2014. MISO's Terry Bilke presented the results to date to the Reliability Subcommittee, including a histogram showing generator results on a scale of zero to seven. (See chart.) "Anything five and above is problematic," he said.

Bilke said MISO will work with LBAs and generators to boost governor response where necessary.

The standard was approved by the Federal Energy Regulatory Commission in January 2014. (See *FERC OKs Rules on Geomagnetic Disturbances, Frequency Response*.)

The frequency bias setting requirement takes effect April 1. By April 1, 2016, balancing authorities will be required to achieve an annual frequency response measure (FRM) "equal to or more negative" than its frequency response obligation.

Operations Working Group Charter, Management Plan OK'd

Members endorsed the 2015 charter and management plan for the Operations Working Group. There were no substantive changes from 2014, according to chair Ray McCausland of Ameren.

MISO Readies for GMD Rule

Alliant's Will Behnke, chair of the Emergency Preparedness / Power System Restoration Working Group, briefed members on MISO's preparation for NERC's Geomagnetic Disturbance Operations Standard (EOP-010-1), which takes effect April 1.

"We're ready," Behnke said.

The standard requires Reliability Coordinators to review the geomagnetic disturbance (GMD) operating procedures or processes of transmission operators (TOPs) within their areas to mitigate the effect of GMDs on the grid.

TOPs must submit a worksheet to MISO 30 days before their GMD operating procedure becomes effective or is revised.

FERC approved the standard, the first phase of rules to protect the grid from GMDs, in June. (See *FERC OKs GMD, Training Standards; Proposes Modeling Rule Change*.)

Performance on Real-Time Operations Drills Improving

Local balancing authorities and market participants have improved their performance on monthly drills of real-time operations processes, with more than 80% successfully completing them, MISO's Danielle Logsdon told members.

Logsdon said that is a marked improvement from the prior success rate of 60%. Performance on the XML drill is "close to 100%," Logsdon said.

Distributed ICCP Project Extended

MISO said it doesn't expect to complete its distributed ICCP project until the first quarter of 2016.

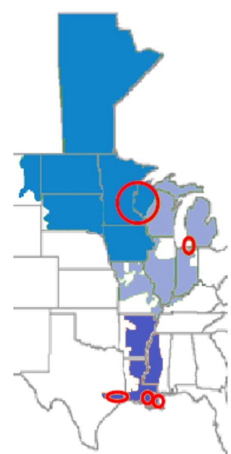
MISO's Arijit Bhowmik told members the RTO expects to complete migration of 70% of the internal links to the new systems by the end of this year. The project, announced last year, was originally scheduled to be complete this August.

ICCP (Inter-Control Center Communications Protocol) is MISO's real-time data source, providing visibility into the grid and allowing four-second dispatch of generation. The project will spread members across multiple ICCP nodes, reducing the impact of a single failure.

Summer Seasonal Assessment Takes a Closer Look at La.

The 2015 Summer Coordinated Seasonal Transmission Assessment will include a reactive reserves analysis of the Baton Rouge area for the first time, MISO's Scott Goodwin told members.

Also new will be a voltage stability analysis for the Amite South HV Interface and Southwest Michigan imports.



Voltage stability analysis (Source: MISO)

The CSA is intended to inform operators of potential marginal system conditions expected during the upcoming summer peak and evaluate various stressed conditions, including second contingencies.

The analysis will begin this month, with a draft report posted for review April 24 and the final report expected May 29.

MISO NEWS

MISO Seeks to Ease Coal Retirement Conundrum

By Chris O'Malley

MISO is proposing to modify its Tariff so that generation owners retiring coal plants to meet looming environmental rules can avoid capacity deficiency penalties.

The Tariff revision (ER15-918) filed with the Federal Energy Regulatory Commission on Jan. 28 would apply to generation operating during the Planning Resources Auction offer window that will retire or suspend operations between the March 31 end of the window and the end of the 2015-2016 planning year on May 31, 2016.

Last year, several generators asked the Federal Energy Regulatory Commission for a waiver from MISO's Tariff. They complained there was no clear mechanism within the MISO Tariff that would permit them to buy replacement capacity through the auction to cover the six-and-a-half-week period between the planned retirement of the coal units and the end of MISO's planning year.

Only Where SSR is not Necessary

The proposed Tariff revisions would allow generators the option of not making offers into the PRA without facing liability for physical withholding.

It would apply only to the 2015-2016 planning year and only to generators for which MISO has determined a system support reliability agreement (SSR) is not necessary.

In testimony included with its filing, MISO said the proposal will not cause reliability concerns, explaining that a "critical condition" of the proposed change includes a determination by MISO that the retiring or suspending unit is not needed for reliability.

Also, the Tariff change will not relieve load-serving entities from obligations to meet the planning reserve margin requirements for a full year.

The proposed change "will allow market participants greater certainty and flexibility by providing a clear option to avoid risk by not being forced to make the difficult choice between making [zonal resource credit] offers for generation resources that MISO has determined may retire or suspend during the 2015-2016 planning year or being faced with the potential of physical withholding mitigation," MISO said.

MISO's Independent Market Monitor had expressed concerns that the change would "limit retrospective physical withholding mitigation" for generation resources.

MISO said the change is appropriate to provide certainty to market participants regarding generating units for which the RTO has determined that retirement or suspension does not present reliability issues.

The J.R. Whiting Plant, one of Consumers Energy's "Classic Seven" coal plants slated for retirement. (Source: Consumers Energy)

Different Fates

One utility that was successful in obtaining a waiver was Indianapolis Power & Light. FERC approved its request last October after MISO said its analysis showed that Zone 6, in which IPL is located, has sufficient planning reserve margins even after accounting for the planned retirement of the company's Eagle Valley coal-fired units.

FERC denied a similar request from Consumers Energy, however. The company plans to retire its "Classic Seven" coal units on April 15, 2016, due to the Environmental Protection Agency's Mercury and Air Toxics Standards.

Consumers told FERC that purchasing replacement capacity for the entire year could cost up to $84.8 million. MISO opposed Consumers' waiver request, saying it could cause MISO's north and central regions to fall below the planning reserve margin. FERC denied Consumers' waiver request in November.

ISO-NE NEWS

FERC Upholds ISO-NE New Entry Pricing; Rejects Challenge by Exelon, Calpine

By William Opalka

The Federal Energy Regulatory Commission last week dismissed challenges to three ISO-NE market rules that generators had wanted tossed in advance of this week's Forward Capacity Auction.

The commission upheld ISO-NE's pricing rule for new generation, its administrative pricing provisions and its Peak Energy Rent Adjustment.

New Entry Pricing Rule

The New Entry Pricing Rule allows new resources to lock in the price at which the resource clears in its first FCA for up to six subsequent delivery years.

A Nov. 28 complaint by Exelon and Calpine alleged the rule suppresses prices for other capacity providers because it results in new resources entering the equivalent of zero-price offers in the six additional years. The companies noted that the commission had rejected zero-price offers in PJM.

ISO-NE opposed the complaint, saying that the price stability provided by the lock-in allows a new resource to be offered with a smaller risk premium, making it closer to its true competitive cost of entry.

In a Jan. 30 order, the commission sided with the RTO (EL15-23). "Complainants have not demonstrated why it is unjust and unreasonable for a new resource electing the price lock-in to be treated as a price-taker in the ISO-NE market for the remainder of the lock-in period," the commission said.

"ISO-NE's treatment of those resources simply reflects the design and efficiency advantages that a resource that recently cleared an FCA as a new resource would be expected to have over the rest of the New England fleet. In fact, even if such a resource does not have a price lock-in, it would typically submit a zero-price offer in the ISO-NE market, consistent with its low going-forward costs and in order to ensure that it is taken in the auction."

The generators had asked FERC to address the price suppression by allowing a lock-in option for existing resources or implementing corrective rules used in PJM.

Under PJM's New Entry Price Adjustment rule, a new resource may lock-in the clearing price for two additional years. PJM addresses the price suppression effect of the rule by requiring a price-locked resource to offer its capacity into the second- and third-year auctions at the lesser of either its first-year price or 90% of the net cost of new entry for that year.

The commission acknowledged the companies' contention that "under certain limited circumstances, PJM's NEPA rules may result in higher prices than those under ISO-NE's zero-price offer requirement." That, however, does not make ISO-NE's zero-price offer requirement unjust and unreasonable, the commission said.

Administrative Pricing

In a related ruling last week, FERC denied a request for rehearing by the New England Power Generators Association, which had asked the commission to reconsider its 2013 challenge to administrative pricing provisions in ISO-NE's Tariff (EL14-7).

NEPGA challenged provisions governing the prices paid to existing capacity resources when there is inadequate supply or insufficient competition in an FCA or when capacity that clears in one FCA is carried forward into a subsequent FCA.

The commission's initial ruling in January 2014 found that the Tariff was unjust and unreasonable because it could result in prices that were not reflective of supply conditions. But the commission rejected NEPGA's proposed Tariff revisions, saying they would leave consumers vulnerable.

In its rehearing request, NEPGA reiterated its call for a change in the pricing rules, saying the current administrative prices were at least 40% too low.

In its Jan. 30 ruling, the commission again rejected the generators' request.

"Absent sufficient evidence that a rate increase of such significant magnitude is necessary to incent new entry and retain existing capacity resources … NEPGA's proposal does not appropriately protect consumers and the market from sudden, significant price increases."

Artist's conception of Footprint Power's planned 674-MW natural gas plant.

Peak Energy Rent Adjustment

FERC also dismissed a NEPGA complaint that sought to roll back the Peak Energy Rent Adjustment, which it said would threaten reliability (EL15-25).

FERC said the trade group had failed to show the PER Adjustment was unjust and unreasonable, so it did not address alternatives sought by NEPGA, including raising the PER strike price by $250/MWh.

NEPGA sought to have ISO-NE modify the PER for Capacity Commitment Periods 5 through 8 — from now until early 2018 — and then eliminate it altogether for FCA 9. The auction covers delivery year 2018/19, when the ISO will implement its Pay-for-Performance program, which will tie capacity revenues to real-time performance.

"A supplier still has the obligation and the incentive to operate its resource, and therefore not changing the PER strike price will not create a disincentive for suppliers to provide energy, as NEPGA suggests, and is thus unlikely to cause reliability problems of insufficient resources to meet load demand," FERC said.

Moeller, Clark See 'Valid Concerns'

However, Commissioners Philip Moeller and Tony Clark, while denying the complaint, were unsatisfied with the end result.

"NEPGA and other parties have raised valid concerns regarding the continued application of the existing PER Adjustment in light of the increases in the reserve constraint penalty factors in ISO-NE's energy market put in place in 2014," they wrote in a separate statement.

FERC's order noted that the stakeholders will continue to discuss the issue and it suggested further review would be done in advance of FCA 10 a year from now.

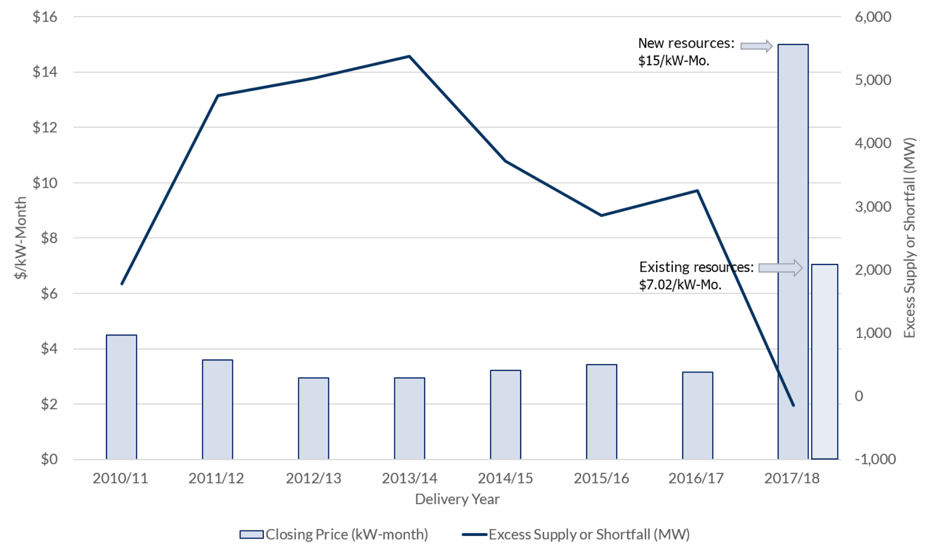
ISO-NE NEWS

ISO-NE Opens 9th Capacity Auction Amid Expectations of High Prices

Continued from page 1

MW more than last year's requirement.

Revenues from FCA 8 totaled $3.05 billion, a 72% jump from 2009's previous high of $1.77 billion and nearly triple 2013's $1.06 billion.



ISO-NE Forward Capacity Auction results (Source: ISO-NE)

FCA 9 the Peak for Prices?

Analysts for UBS Securities released a report yesterday predicting prices will rise higher in this week's auction, perhaps reaching $11 to $15/kW-month in southeastern Massachusetts and Rhode Island.

The analysts said prices could be limited by new entrants within the RTO or a rebound in transmission imports following a reduction last year.

In either event, they predict new plant construction and possible expansions at existing sites in the constrained Massachusetts market could send prices crashing in FCA 10 next year. "We suspect this is the top of the market for this region, with prices reaching their highs — pushing down prices for future years," they wrote.

Christopher Tumure, an analyst at JP Morgan, said yesterday the he expects "a bit of an uptick" in prices.

"On the supply side, much of the new generation has already been bid into recent auctions, so we don't see much change there. On the demand side, there's about a 300-MW increase year-over-year."

Two new developments may partially offset each other, he said.

"One of the changes this year is the Pay-for-Performance [program], which may increase prices as it affects the bidding behavior. Another change is the switch to the sloped demand curve instead of a vertical, and that's not necessarily a good thing for prices."

NRG Sees Gains

Last month, NRG Energy executives told the company's annual investors meeting that they expect $1.445 billion in 2018/19 capacity revenue from ISO-NE and PJM, a $565 million increase over 2017/18.

Since FCA 8, the region has lost the Salem Harbor Generating Station in Massachusetts and the Vermont Yankee nuclear plant to retirement. Also unavailable in FCA 9 will be the Brayton Point Generating Station in Massachusetts, which is set to close in 2017. In a recent media briefing, ISO-NE CEO Gordon van Welie said New England will lose about 3,500 MW of generating resources over the next few years.

ISO-NE's informational filing for 2018/19, which the Federal Energy Regulatory Commission accepted Jan. 16, shows an installed capacity requirement of 35,142 MW (ER15-328). After accounting for 953 MW of Hydro Quebec Interconnection Capability Credits, the RTO seeks to procure 34,189 MW.

Qualified to compete in the auction are 41,102 MW — 8,547 MW of new resources and 32,555 MW of existing resources.

ISO-NE will model four capacity zones in FCA 9:

- Southeastern Massachusetts/Rhode Island (SEMA/RI);
- Connecticut;
- Northeastern Massachusetts/Boston (NEMA/Boston); and
- Rest of Pool (Maine, Western/Central Massachusetts, New Hampshire and Vermont).

ISO-NE determined that SEMA/RI will be modeled as import-constrained in this year's auction, in addition to Connecticut and NEMA/Boston, which were both modeled as import-constrained last year.

SEMA/RI wasn't modeled last year, when the four zones were Maine (export-constrained), NEMA/Boston (import-constrained), Connecticut (import-constrained), and Rest-of-Pool.

This year will be the first auction in which ISO-NE will adopt a sloped demand curve, as is used in PJM. FERC ordered the change, which is intended to reduce price volatility, following the shortfall in FCA 8.

Demand Response is In

The New England Power Generators Association had asked FERC to disqualify demand response from participation, citing the D.C. Circuit Court of Appeals ruling voiding FERC's jurisdiction over DR pricing in the energy markets (*Electric Power Supply Association v. Federal Energy Regulatory Commission*).

FERC, which has asked the Supreme Court to reconsider the ruling, rejected the generators' challenge last month (ER15-257). (See *FERC Approves New England Demand Response Integration*.)

ISO-NE NEWS

Bill Would Revamp Massachusetts Energy Landscape

A Massachusetts state legislator whose district includes the soon-to-be shuttered Brayton Point generating plant has filed legislation that would revamp the state's energy landscape.

The bill was proposed by Rep. Patricia Haddad, a Democrat and an ally of Massachusetts Speaker Robert DeLeo.

The sweeping bill would require the state's utilities to enter into long-term contracts with offshore wind developers. It also seeks to clear obstacles to gas pipeline and electric transmission construction by, among other methods, creating a siting board to more easily locate energy infrastructure.

It proposes a tax that would fund natural gas infrastructure, attempting to revive a proposal last year by the six New England governors that failed to gain traction. Environmental groups told *The Boston Globe* last week they object to the use of public subsidies for pipeline expansions and would like to see incentives for energy efficiency and storage.

It also encourages utilities to submit proposals for competitively bid transmission lines to deliver Canadian hydropower. Another proposal for that purpose bogged down in the legislature last year.

It would make conversion from coal-fired power plants to natural gas easier as well, which could aid efforts to repower the 1,517-MW Brayton Point plant. Brayton Point, the largest taxpayer in Haddad's hometown of Somerset, is scheduled to close in mid-2017.

Massachusetts has the eighth-highest residential electric rates of any state, according to the U.S. Department of Energy. Each of the other New England states also ranks in the top 10.

Haddad

Former Gov. Deval Patrick released a study last month that said the state needed significant investment in natural gas pipeline capacity to preserve electric system reliability. (See *Gas Price Spikes Likely Through 2019, Study Says*.)

ISO-NE also chimed in recently saying that grid reliability is threatened by the region's inadequate pipeline capacity, which is unable to fully supply heating and power generation during the winter. (See *ISO-NE CEO: Despite Mild Winter, Region Still Needs Infrastructure*.)

FERC Seeks $5M from Maxim Power; Clark Dissents

The Federal Energy Regulatory Commission issued an order to show cause against Maxim Power yesterday, telling the Canadian independent power producer to explain why it shouldn't have to pay a $5 million fine for allegedly misrepresenting the output of three of its generators in ISO-NE (IN15-4).

FERC says that in July and August of 2010, when asked about the company's offers on the day-ahead market, Maxim employee Kyle Mitton told ISO-NE's Market Monitor that the generators were unable to procure gas, so it was forced to burn more expensive oil.

Clark

FERC says, however, that Maxim purchased large quantities of gas before submitting its offers at the price of oil the same day. FERC assessed Mitton a $50,000 proposed penalty separately from the company.

FERC's Office of Enforcement issued a Notice of Alleged Violations in November. (See *FERC Staff Accuses Maxim Power of Cheating ISO-NE*.) The notice included two other alleged schemes by Maxim: gaming ISO-NE market mitigation rules in 2012 to 2013, and boosting its generators' outputs during testing using "extraordinary measures" in order to collect inflated capacity payments from 2010 to 2013. The order to show cause does not mention these allegations.

Maxim Power's Pittsfield, Mass., generator. (Source: Maxim)

Commissioner Tony Clark dissented, saying he did not think the Enforcement staff report and Maxim's responses justified the order. "Nonetheless, in the next phase of the proceeding, both FERC Enforcement staff and the respondents will have an opportunity to more fully develop the record," he wrote. "As such, I make no prejudgment as to the final disposition of this case."

Commissioner Norman Bay, who headed the Office of Enforcement during most of the investigation, did not participate in the decision.

PJM NEWS

PSE&G: PJM Broke the Rules in Artificial Island Solicitation

By Suzanne Herel

Public Service Electric and Gas last week accused PJM of breaking its own rules in refereeing the competition for the Artificial Island stability fix, suggesting the RTO should scrap the process and start again.

PJM did not follow its process in two respects, PSE&G said in a Jan. 29 complaint with the Federal Energy Regulatory Commission (EL15-40).

Unilateral Modifications

"First, PJM unilaterally modified each proposal, rather than, as required, evaluating them and selecting the best proposal or, if none qualified as such, reposting the solicitation," PSE&G said. "Second, PJM allowed LS Power to modify its proposal more than one year after the proposal window closed and after PJM staff had recommended another proposal."

PJM staff had selected PSE&G as the winning bidder after eliminating two 500-kV lines from its proposal. The change reduced the project's cost by more than three-quarters to a range of $211 million to $257 million, making it equal to a 230-kV proposal from LS Power that was the cheapest among the finalists.

PJM's selection was criticized by environmentalists and spurned bidders, including LS Power, which offered to cap its project cost at $171 million — at least $40 million less than the PSE&G project.

In response, the PJM Board of Managers delayed action on planners' recommendation and offered PSE&G and finalists Transource Energy and Dominion Resources to "supplement" their proposals in response to LS Power's reduction. (See *PJM Puts the Brakes on Artificial Island Selection*.)

Artificial Island, home to the Salem and Hope Creek nuclear reactors, is the second largest nuclear complex in the country. Historically, according to PSE&G, special operating procedures have been employed to maintain stability in the area.

PJM issued a solicitation for a stability fix — its first competitive transmission project under FERC Order 1000 — in April 2013.

Independent Evaluator

In its filing last week, PSE&G noted that PJM has stressed its role in the process as an independent evaluator and the importance of not allowing bidders to modify their proposals after the window for entries has closed.

"PJM said this would 'chill' the competitive process and give one bidder an 'unfair advantage' over the others," PSE&G said. "If PJM believes that none of the proposals submitted in 2013 represents the more efficient or cost-effective solution, PJM can repost the Artificial Island solicitation and provide any additional guidance to prospective sponsors that PJM deems appropriate based on the experience it has gained over the last two years.

"PSE&G understands that granting this relief will delay the process somewhat, but the process has already languished for nearly two years, there is no other Tariff-based remedy for the violations that have occurred and the remedy is nondiscriminatory because it does not favor one bidder over another."

More Delays

PJM planners intended to have a recommendation ready for the Board of Managers' meeting in February after the four finalists squared off at a meeting of the Transmission Expansion Advisory Committee in December. But at the Jan. 7 TEAC meeting, officials said consultants were still studying various aspects of the plans, including subsynchronous resonance issues involved in Dominion Resources' proposal. (See *Further Study Delays PJM's Artificial Island Decision*.)

Critics, including PSEG Nuclear, the operator of the nuclear plants, have said Dominion is employing untested technology that could damage turbine shafts and cause widespread outages.

Steve Herling, PJM vice president for planning, said that a recommendation should be ready to present to the committee this month, and that plans were underway to call a special Board of Managers meeting in March to review it.

Illinois Regulators, IMM Line Up Against IMEA Capacity Waiver Request

By Suzanne Herel

The Illinois Commerce Commission and PJM's Independent Market Monitor said last week they oppose the Illinois Municipal Electric Agency's request for a waiver from the rules for May's Base Residual Auction.

IMEA asked the Federal Energy Regulatory Commission last month for a waiver that would allow it to use capacity resources outside of the Commonwealth Edison Locational Deliverability Area to meet its internal resource requirement in serving its Naperville, Ill., load (ER15-834).

Last May, FERC granted IMEA such a waiver for the 2017/18 delivery year (*ER14-1681*). Neither the ICC nor the IMM weighed in on last year's waiver request.

Others Impacted

The ICC's criticism echoed FERC's in its Jan. 22 order denying IMEA's request to extend last year's waiver (*ER14-1681-001*). (See *FERC Denies IMEA Request for Extended Waiver on Capacity Obligation*.)

"Despite the small size of IMEA's [fixed resource requirement] load relative to total load in the ComEd LDA, the financial impact of granting IMEA's requested waiver could be significant for the other [load-serving entities] if PJM models the ComEd LDA separately in the May 2015 Base Residual Auction and the ComEd LDA subsequently binds on the [Capacity Emergency Transfer Limit]," the ICC said.

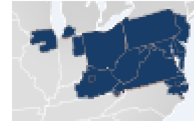
"Moreover, as the commission noted in its Jan. 22 Order, IMEA has had sufficient time to address any consequence of its decision to take the FRR option for the 2018/2019 delivery year."

The ICC offered two alternatives.

The first — also suggested in the Jan. 22 order — was for IMEA to request to be ex-

Continued on page 11

PJM NEWS



PPL, Riverstone Accept FERC Mitigation Plan on Spinoff

Continued from page 1

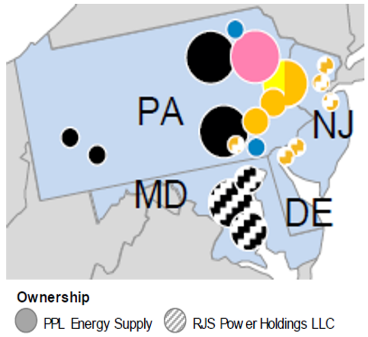
"After full evaluation, both parties believe the enhanced mitigation will not have a materially different impact on the future operating results of Talen Energy than the original proposal," the company said in a news release.

In their application, the companies proposed two mitigation packages. One involved divestiture of six Riverstone plants and one PPL plant in New Jersey and Pennsylvania — all combined-cycle plants — for a total of 1,315 MW. The second involved the same six Riverstone plants, plus a 399-MW coal-fired plant in Maryland and two PPL hydro plants in Pennsylvania, for a total of 1,346 MW.

FERC's Dec. 18 order said the companies would have to sell all of the plants in the two options — totaling about 2,000 MW — or limit energy and regulation market offers for the approximately 650 MW Talen would retain under either package to cost-based rates.

The companies said they would not decide on which of the sets of power plants they will sell until the closing of the PPL-Riverstone spinoff, which is expected in the second quarter of this year. Post-divestiture, Talen will be the seventh-largest generation owner in PJM.

PPL, Riverstone Generation in Eastern PJM (pre-divestiture)



Notes: Riverstone's plants listed under subsidiary, RJS Power Holdings.
(Source:PPL, Riverstone Holdings)

For Sale: PPL, Riverstone Generation Subject to Divestiture

Units	Owner	State	MW	Type
Bayonne***	Riverstone	NJ	158	CC
Camden ***	Riverstone	NJ	145	CC
Elmwood Park***	Riverstone	NJ	65	CC
Newark Bay***	Riverstone	NJ	120	CC
Pedricktown***	Riverstone	NJ	118	CC
York***	Riverstone	PA	49	CC
Ironwood*	PPL	PA	660	CC
Holtwood**	PPL	PA	248	Hydro
Wallenpaupak**	PPL	PA	44	Hydro
Crane**	Riverstone	MD	399	Coal

* Option 1 only
** Option 2 only
*** Options 1 and 2

"We have 12 months from the closing date to announce the divestitures, and they may take somewhat longer than that to close on those," PPL spokesman George Lewis said Thursday.

The companies said that no company with more than 10% of PJM's summer installed capacity would be permitted to bid for the plants. That would leave out Public Service Enterprise Group, Exelon and NRG Energy.

Talen Energy will own almost 14,000 MW of capacity — about 11,000 MW in PJM — after the divestitures.

In addition to the plant sales and cost-based offers, FERC also required Talen to offer into PJM markets the same plants and output as PPL did, prohibiting it from holding back generation to drive prices up.

The deal still needs approvals from the U.S. Department of Justice, the Nuclear Regulatory Commission and the Pennsylvania Public Utility Commission.

Illinois Regulators, IMM Line Up Against IMEA Capacity Waiver Request

Continued from page 10

cused from the five-year stay-in provision for FRR participants so that it could participate in the capacity auction.

Alternatively, the ICC said, FERC could order PJM not to model the ComEd LDA separately.

"If the commission does choose to grant the waiver requested by IMEA, then the ICC requests that the commission also direct PJM to adjust the LDA reliability requirements upon which a separately stated [variable resource requirement] curve for the ComEd LDA would be calculated downward by the amount of internal reliability requirements that IMEA is excused from providing," it said.

The Market Monitor also said IMEA's waiver request could have adverse effects on other entities.

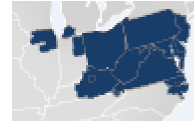
"IMEA made certain investments in external units to meet its capacity needs. IMEA made a voluntary election to submit an FRR plan," the Monitor said. "IMEA made these decisions based on expectations that were not realized. IMEA's unrealized expectations do not justify waiving the rules."

PJM Not Opposed

PJM filed comments last week saying it does not oppose IMEA's current waiver request. It noted that stakeholders have begun a review of the underlying issue regarding historical transfer rights. (See *PJM MIC OKs Capacity Transfer Rights Query*.)

"PJM cannot predict with certainty if and when a resolution will be reached through the stakeholder process," the RTO said. "However, PJM anticipates that the stakeholder process will not have run its course in time to culminate in a filing with the commission to resolve the identified issue prior to the 2015 BRA."

PJM NEWS



Virginia Bill Would Halt SCC Reviews of Dominion Rates

By Michael Brooks

A Virginia Senate subcommittee has passed a bill that would freeze Dominion Virginia Power customers' base rates and bar state regulators from reviewing the utility's revenue until after 2020.

The bill, SB1349, is among the most controversial in a group of bills introduced by Virginia lawmakers in reaction to the U.S. Environmental Protection Agency's proposed rule on carbon emissions from existing power plants.

The bill's sponsor, Republican Sen. Frank Wagner, says it is designed to protect Dominion customers from rate increases that they would incur as a result of coal plant retirements due to compliance with the EPA's Clean Power Plan.

But critics, such as state Attorney General Mark Herring, aren't so sure. They point to a projected $280 million earnings surplus in the utility's Integrated Resource Plan. If the State Corporation Commission finds through its biennial review that the company earned too much money for the past two years, it can order the utility to lower its rates or issue refunds to customers.

Under the bill, Dominion would be able to keep any earnings surpluses. Although base rates would be frozen, the utility would be able to seek surcharges for new technology and infrastructure, subject to SCC approval.

"We're pretty confused as to why Dominion is introducing this bill," said Dawone Robinson, Virginia policy director for the Chesapeake Climate Action Network. "This indicates to me that Dominion believes that rates would actually go down under the Clean Power Plan."

Wagner has said the bill is a work in progress, according to *The Daily Press*. The original version of the bill, which Wagner said that Dominion helped him write, would have prevented the SCC from conducting its reviews beginning this year. The version of the bill that passed the subcommittee Thursday will allow this year's review of Dominion's revenue in 2013 and 2014 to go forward as scheduled.

"I will vote to move it along, but I would just say this has a long way to go," Senate Minority Leader Richard L. Saslaw (D-Fairfax) said, according to *The Washington Post*. "I'm somewhat concerned about not having this biennial review."

The bill was scheduled to go before the full Senate Commerce and Labor Committee yesterday.

"The reason we support the proposed legislation is simple," Robert M. Blue, president of Dominion, said in a statement. "We want to be able to continue that record of low rates, high reliability and environmental stewardship. We believe it is in the best interest of both our customers and Dominion."

Wagner isn't the only Virginia legislator who is not a fan of the Clean Power Plan.

On Jan. 20, Republican Sen. John Watkins introduced SB1365, which would require the state's Department of Environmental Quality to submit its compliance plan for approval from the General Assembly before sending it to the EPA. Another Wagner-sponsored bill, SB1202, would prohibit the DEQ from submitting a plan until the SCC essentially approved the Clean Power Plan. The commission's staff gave the plan a scathing review in October. (See *Va. SCC Staff Blast EPA Carbon Rule*.)

On Friday, the House Committee on Rules passed HJ608, introduced by Republican Del. Terry Kilgore. Under the resolution, the state would voice its opposition to the EPA's emission rules because they "infringe on the commonwealth's sovereign powers to regulate electricity for the benefit and welfare of its citizens." The resolution passed the committee by a 12-3 vote.

FERC: PJM Excess Reserve Pricing Proposal Deficient

By Suzanne Herel

The Federal Energy Regulatory Commission issued a deficiency letter last week asking PJM to justify its proposal for pricing reserves in emergencies (ER15-643).

The Jan. 27 letter from FERC's Office of Energy Market Regulation gave PJM 15 days to respond to a series of questions about the RTO's effort to reduce uplift and ensure that energy prices better reflect operator actions. (See *PJM MRC OKs Change on Reserves; Interchange Limit Falls Short*.)

The letter questioned PJM's rationale in valuing extended reserves — reserves procured in addition to primary and synchronized reserves — up to $300/MWh. It also asked PJM how it plans to calculate additional reserve requirements for the day-ahead and real-time markets.

The changes outlined in PJM's Dec. 17 filing were unanimously approved by the Members Committee on Nov. 21.

"PJM's proposal merely ensures that the additional reserves already scheduled by PJM's system operators are included in the updated reserve requirement used by PJM's market clearing engines," PJM said. "In this way, PJM will be better able to align market clearing prices with its system operators' actions, while the total production cost of providing reserves will remain the same."

The PJM Power Providers (P3) Group and Exelon filed comments in favor of the proposed revisions.

"PJM's changes will reduce uplift, decrease price suppression and allow for reserves to be priced consistent with market conditions," P3 said.

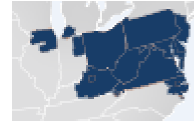
The group added, "The broad support for the proposal is an indication of the importance of getting reserve pricing correct and, perhaps more importantly, recognition of the need to procure additional reserves during times of system stress."

Public Service Electric and Gas and two sister companies offered limited support.

"While a step in the right direction in improving the Tariff provisions concerning shortage pricing, the PJM filing is not a complete solution to achieve PJM's stated objective — 'to enhance PJM's market rules to better capture actions into energy and reserve pricing.'"

PSE&G also said it disagreed "with PJM's claim that the reliability contribution of primary reserves is necessarily greater than reliability value of 'extended reserves' deemed necessary by PJM's own operators during times of system stress."

PJM NEWS



PJM: Gates' Trades Cost Exelon, AEP, Dominion $1M Each

Powhatan Files Response after Receiving Bowring Tape

By Ted Caddell and Rich Heidorn Jr.

Powhatan Energy Fund's trading to capitalize on line-loss rebates cost more than 20 market participants at least $100,000 each, according to a PJM analysis, with Exelon, American Electric Power and Dominion Resources each losing more than $1 million.

The results of the analysis were included among more than 300 pages of documents released by the Federal Energy Regulatory Commission's Office of Enforcement last week as it argued against Powhatan's request for more time to respond to market manipulation allegations.

FERC on Friday rejected Powhatan's request to delay the filing, which was due today. But it said Powhatan could make a supplemental submission by Feb. 9 addressing the materials provided with OE's response.

Powhatan filed a blunt-spoken response late Monday, in which they criticize the OE staff report on the case as "a pile of nonsense" (IN15-3).

The information released by FERC included a July 2010 audio recording of PJM Market Monitor Joe Bowring that Powhatan had sought in a Jan. 27 filing.

Powhatan argued that the recording that could prove that Bowring didn't think its trading strategy — which collected line-loss rebates on what FERC contends were riskless up-to-congestion trades — was illegal. (See *Gates, Powhatan Say FERC Enforcers Didn't Share Crucial Info*.)

FERC issued an Order to Show Cause in December seeking $29.8 million in fines from twins Rich and Kevin Gates and Houlian "Alan" Chen, who traded on behalf of their Powhatan hedge fund.

Losses Suffered

Enforcement recently asked PJM to run simulations to calculate how other market participants were affected by the trades by Powhatan and two other funds controlled by Chen and the Gates brothers.

In its response last Thursday, Enforcement said PJM's analysis showed that the harm from the trading "was both widely distributed throughout PJM and significantly concentrated on certain load-serving entities" with more than 20 market participants losing more than $100,000 each.

The biggest losers were Appalachian Power (an AEP subsidiary), which lost $1.45 million, Dominion Virginia Power ($1.15 million) and Exelon's PECO Energy and Commonwealth Edison ($1.2 million combined).

[redacted] Yeah sure.

JB: That's great. So, I have, I have John Dadourian here with me.

[redacted] Hi John.

JD: Hey [redacted]

[redacted] It's not a good sign that I have your phone number to memory, Joe.

[Chuckle by unknown individual.]

JB: Yeah, yeah. Well, you've called it a lot lately. So, our, our concern is that, it appears to us that, that these transactions are really just designed to, to, arbitrage the difference between transmission rates and, the, marginal losses compensation, and that's not really a legitimate reason to engage in the transaction. Am I missing something here?

Transcript of July 2010 conversation between PJM Market Monitor Joe Bowring, Bowring associate John Dadourian and an unnamed trader.

Powhatan Response Filed

Late Monday, Powhatan's filed a 49-page response to the Order to Show Cause.

It disputes Enforcement's characterization of its strategy as "wash-like" trades and claims the FERC proceeding is unconstitutional because the defendants never received prior notice that the trades at issue were unlawful.

"There is nothing inherently fraudulent about taking advantage of a market inefficiency or 'loophole,'" they said, asking the commission to absolve them.

"The commission has an opportunity here to demonstrate true leadership. An opportunity to make a decision based on the right reasons — like fidelity to the law and fundamental fairness — instead of the wrong ones, like deference to OE staff just because the staff has consumed over four years on its up-to-congestion (UTC) investigation.

"This investigation has been so poorly conceived and poorly executed that it does a disservice to the commission," they continued. "If this case proceeds any further, it will be a train wreck for FERC."

Transparency

Kevin Gates said Saturday that the release of the information was a vindication of Powhatan's decision to launch a public relations campaign against FERC, which included a website containing documents and testimonials from attorneys and economists supporting their defense.

"Going public with ferclitigation.com … put pressure on them to get us the materials, as they knew there'd be transparency on their behavior," he said. "Still, though, they haven't been fair. For instance, [Friday night] at 7:12 p.m., they sent us additional materials that they previously had not produced."

Powhatan said the July 2010 recording captures a phone conversation between Bowring and another trader discussing trades like those at the heart of the Powhatan investigation.

On the tape, according to the Gates' Jan. 27 filing, "Dr. Bowring says that the trades did not violate the rules, that he understands why the traders engaged in them, and that the rules need to be changed to remove the incentives that drove the trading. He also says that he would not refer the trading conduct to Enforcement if the traders stopped the trading in question.

"That last point is key because the PJM Tariff *requires* Dr. Bowring to refer trading that he thinks might be market manipulations," according to the filing.

Under the so-called *Brady* rule, prosecutors are required to provide targets exculpatory evidence in the government's possession. Gates' attorneys said they asked for possible *Brady* material in August, and although materials were provided, the tape recording in question was not.

OE: Bowring Tape not Exculpatory

Enforcement said it was providing the tape

Continued on page 14

NEWS ROUNDUP

FERC Questions NYISO Plan to Terminate Generators' Interconnection Rights

The Federal Energy Regulatory Commission said it has more questions for NYISO before considering proposed revisions to its rules for retired and mothballed generators.

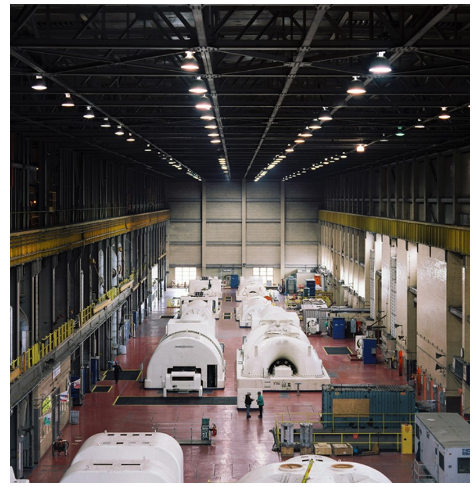
FERC last week sent NYISO a deficiency letter (ER14-2518) listing questions about the ISO's July 2014 proposal, which would allow it to terminate a generator's eligibility to participate in the Installed Capacity (ICAP) market after six months in a forced outage if repairs have not been started.

The proposal also would add Tariff definitions of the terms "mothball outage" and "retired."

The Independent Power Producers of New York supported the six-month rule for participating in the ICAP market. However, it said FERC should reject a requirement that generators on outage respond to reliability needs by returning to service or making their interconnection points available. The association said the requirement would deny generators rights they earned in interconnection agreements with transmission owners.

Responding to the objections, NYISO said in September that "Any modification to, or termination of, an existing interconnection agreement … will continue to be subject to the terms and conditions of the underlying agreements."

On Jan. 29, FERC's Office of Energy Market Regulation gave the ISO 14 days to reply to additional questions, including whether it intends to apply its definition of "retired" generators to those with existing interconnection agreements. FERC also asked whether the ISO could unilaterally terminate the interconnection agreements of units in retired status.



Two of Astoria Generating Station's five units were placed in mothball status in 2012, reducing its capacity from 1,335 MW to 957 MW. (Source: US Power Generating Co.)

SPP Board Elects Ross, See as Officers

The SPP Board of Directors elected Mike Ross as senior vice president of government affairs and public relations and Malinda See as vice president of corporate services.

CEO Nick Brown said the two "bring unique perspectives and leadership experiences" to the RTO's executive leadership.

Ross, a former six-term congressman who served on the House Energy and Commerce Committee, oversees the RTO's external affairs, media relations and corporate communications. Ross (D-Ark.) was defeated by former Rep. Asa Hutchinson (R-Ark.) in Arkansas' gubernatorial race in November.

See, SPP's longest serving employee, is responsible for human resources, payroll, facilities and administrative services.

Ross

Gates' Trades Cost Exelon, AEP, Dominion $1M Each

Continued from page 13

even though it was not exculpatory, and therefore didn't fall under *Brady*. "This conversation relates to the behavior of another market participant and is not remotely exculpatory of [Powhatan's] conduct," it said.

According to a transcript of the recording, Bowring tells the unnamed trader that trades designed solely to collect line-loss rebates are not "legitimate." Bowring says that while the trader was "not violating the rules" — an apparent reference to PJM's Tariff — his actions were "not consistent with the spirit of the rules."

Bowring says if the trader does not stop the questionable trading, the Monitor would refer the matter to FERC. The trader assures Bowring he has stopped the trading in question.

Bowring concludes the conversation by saying "we're not going to take any further action on this" but adds he would be approaching PJM and perhaps FERC to discuss changing the market rules.

Enforcement said that Bowring informed FERC of his concerns the day after the conversation.

"The IMM, PJM and the commission all expressed concern about this behavior being harmful and potentially manipulative and all worked with alacrity to address it — and none of them ever alleged that it was a Tariff violation," Enforcement said.

It noted that the recording appears to have been made in Pennsylvania, which requires mutual consent for recording phone calls. It said there is "no indication" that Bowring consented to these recordings. Enforcement said it did not name the trader on the tape because he has not been accused of market manipulation.

FERC spokeswoman Mary O'Driscoll said last week she would not comment on a pending matter. Bowring could not be reached for comment.

COMPANY BRIEFS

NRC to Investigate Mid-Blizzard Outage at Entergy's Pilgrim

The Nuclear Regulatory Commission is investigating the failure of two transmission lines at Entergy's Pilgrim nuclear station in Massachusetts, which forced the plant to shut down during last week's blizzard.

The lines leading out of the plant failed at about 4 a.m. Tuesday, and service was restored two days later. The Plymouth power station remains shut down for maintenance work, an Entergy spokesman said. Entergy officials said there was no threat to public safety and that it is continuing to investigate.

More: *Cape Cod Today*

Scram at Entergy's River Bend Plant Prompts Special NRC Inspection

An emergency shutdown and a series of subsequent pump failures at Entergy's River Bend nuclear station near Baton Rouge, La., on Christmas morning has resulted in a special inspection by Nuclear Regulatory Commission officials.

The NRC said it was sending a team of inspectors to oversee Entergy's analysis of a series of failures that required plant workers to manually align valves to restore normal water levels in the reactor vessel.

River Bend's woes began when an electrical failure in a turbine valve triggered an automatic shutdown. A series of failures in feedpump controls caused overly high water levels in the reactor vessel, and another pump failure and monitor failures led workers to use backup equipment to restore coolant to the proper height.

More: *The Times-Picayune*

Duke Ash Ponds Still Leaking Up to 3 Million Gallons a Day

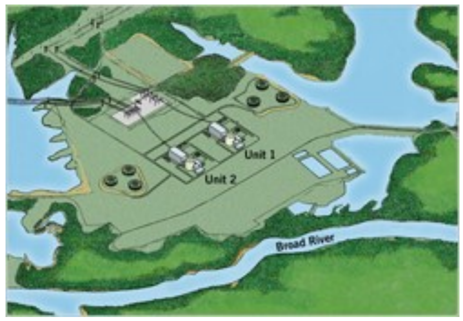
Duke Energy, still cleaning up a disastrous discharge of coal ash from its Dan River plant, reported that its coal ash ponds across North Carolina may be leaking up to 3 million gallons a day.

According to filings with state regulators, Duke has identified 200 seeps at 14 of its coal-fired plants. Two of those plants — Asheville and Lee — leak up to 1 million gallons of ash-contaminated water daily.

Those leaks appear to be illegal under new state laws enacted after the Dan River disaster. That leaves Duke with two options: repair the leaks or include them in updated wastewater discharge permits. "Our objective is to include seeps in the permits so we can follow the appropriate monitoring protocol or next steps regulators prescribe," Duke spokeswoman Erin Culbert said.

More: *News & Observer*

Duke Energy Spending on Lee Nuclear Station Approaches $45M



Duke Energy's investment in its proposed W.S. Lee Nuclear Generating Station near Gaffney, S.C., continues to climb.

Duke said it spent nearly $45 million on the plant last year. Since Duke applied for a license in 2007 for the 2,234-MW plant, the company has spent $426.6 million, according to company filings. Duke expects to get a construction and operating license from the Nuclear Regulatory Commission next year.

The company could file to recover the costs whether or not the plant is ultimately built, if regulators determine the costs are reasonable.

More: *Charlotte Business Journal*

Duke Exploring Storage Battery Technology, More Projects Coming

Duke Energy sees a future in utility-scale battery storage and said it already has six battery projects in operation.

Duke Energy Technology Development Manager Thomas Golden said in an interview with *Smart Grid Today* that the company is experimenting with various technologies, from chemical makeup to interconnection systems, to adapt battery storage for large utility systems.

"We believe the batteries are here to stay," he said. One project is to install a storage battery to smooth out peaks from its growing solar generation fleet.

More: *Smart Grid Today* (subscription required)

France's UniStar Asks for Delay in Report for New Calvert Cliffs Unit

Electricite de France's UniStar Nuclear Energy, which has proposed building a third reactor at Exelon Nuclear's Calvert Cliffs plant in Lusby, Md., has asked the Nuclear Regulatory Commission for more time to submit a Facility Safety Report.

The plans for a third Calvert Cliffs reactor go back to 2008, when then-partners Constellation Energy Group and EDF announced plans to build a new 1,600-MW reactor. Constellation has since merged with Exelon, and EDF purchased UniStar. EDF now owns the plans for the new reactor outright.

Its request for an extension to file the safety report indicates that the project is still alive.

More: *Nuclear Street*

NextEra Promises $60M in Savings For Hawaiian Electric Customers

NextEra told regulators that customers of Hawaiian Electric Companies will save $60 million if its acquisition of the company is approved.

NextEra said it will not seek a base-rate increase for at least four years after the acquisition. The company also vowed that it will not seek to recover any costs associated with the acquisition. It said it hopes to finalize the deal, pending regulatory approval, by the end of this year.

More: *Pacific Business News*

ALLETE Pays $168M for Majority Stake in US Water Services

ALLETE is spending $168 million to gain a majority stake in U.S. Water Services, an industrial water management company based in St. Michael, Minn., with operations throughout the U.S.

The company said it will gain an 87% ownership and plans to buy the remaining shares later.

ALLETE also owns Minnesota Power; Superior Water, Light and Power of Wisconsin; ALLETE Clean Energy in Duluth; and BNI Coal in Center, N.D.

More: *Star-Tribune*

-- Compiled by Ted Caddell

LaFleur: FERC an 'Honest Broker;' Won't Take Sides on Clean Power Plan

By Michael Brooks

The Federal Energy Regulatory Commission will have a vital role in implementing the Environmental Protection Agency's proposed carbon emission rules but won't take sides in ideological debates over the regulations, Chairman Cheryl LaFleur said last week.

"People both for and against the Clean Power Plan are looking to us to publicly validate their views," LaFleur said during a National Press Club luncheon. "I've taken a pretty firm line that I don't think that's FERC's role. FERC is not an environmental regulator. … But make no mistake, I think FERC will have an essential role to play as the Clean Power Plan and our response to climate change is implemented."

LaFleur said state-by-state compliance with the regulations would be more complicated than a regional approach. Dispatching power based on a state's portfolio needs, rather than the current least-cost model, would require FERC to change the way RTOs work to support the state plans, she said. "I think it's going to be a lot more than tinkering around the edges."

She called a regional approach "the obvious solution," noting that the EPA gave "extra credit" for regional cooperation. LaFleur highlighted the success of the Regional Greenhouse Gas Initiative but said that FERC will still have to work with states and RTOs to come to agreements and compromises about goals, saying the commission needed to be "an honest broker for discussion."

"This is the kind of hard, boring, unsexy, technical, dirt-under-the-fingernails work that FERC does," she said. "… We work on the unsexy underbelly of every energy issue."

Under pressure from the new Republican majority in Congress, FERC has scheduled four technical conferences in February and March on the reliability impact of the EPA regulations. LaFleur said more sessions will probably be added due to the number of stakeholders who have asked to speak. The first conference will be held Feb. 19 at FERC headquarters.

Asked whether she was disappointed Congress hadn't passed new major energy legislation recently, she said she doesn't worry about what those on the Hill are doing or not doing.

"I live by the rules they've given us," she said. "If they pass new legislation, I'll live by that."

FEDERAL BRIEFS

US Court Sets Feb. Date for Barclays Market Manipulation Case

A federal court in California will hear arguments Feb. 26 in a case pitting the Federal Energy Regulatory Commission against Barclays that could result in the British bank having to pay penalties and disgorge profits of up to $470 million.

FERC alleged that Barclays and four of its traders engaged in so-called swap trades between several western energy hubs from 2006 to 2008. FERC cited the bank in 2012. Barclays had the option of defending itself before a FERC administrative law judge or to have the case heard in U.S. District Court.

More: *Reuters*

Obama Admin Working to Open Up East Coast to Offshore Drilling

The Department of the Interior last week said it was working on a plan to open up vast offshore tracks to oil and gas exploration in the Atlantic Ocean off Virginia, North Carolina, South Carolina and Georgia, while declaring 9.8 million acres in Alaskan waters off limits indefinitely.

The plan, which would open the Atlantic to offshore drilling for the first time, drew protests from New Jersey Democrats. "Opening up the Atlantic coast to drill for fossil fuel is unnecessary, poses a serious threat to coastal communities throughout the region and is the wrong approach to energy development in this country," Sen. Cory Booker, Sen. Robert Menendez and Rep. Frank Pallone of New Jersey said in a joint statement. The Atlantic leases are for areas more than 50 miles offshore.

Republican Sen. Lisa Murkowski said the withdrawal of the Alaskan offshore tracts amounted to a war against her home state. The Obama Administration said the environmentally sensitive areas in the Beaufort and Chukchi seas, as well as a shallow 30-mile shelf in northwestern Alaska, were important to Alaska natives.

More: *PennEnergy*

NRC Denies Vt. Request to Force Entergy to Maintain Monitoring

The Nuclear Regulatory Commission's Atomic Safety and Licensing Board rejected Vermont's request to order Vermont Yankee owner Entergy to maintain various emergency monitoring systems on the shut-down nuclear plant. The board said Vermont's petition challenged an NRC regulation and was therefore inadmissible.

Entergy closed the plant last year, and asked to reduce on-shift and Emergency Response Organization staff due to the decreased risk. The board said the plant's Emergency Response Data System requirement was put in place after the 1979 Three Mile Island incident but that plants being decommissioned were exempt.

"Expressly excluded from the proposed rule were those nuclear power reactor facilities that are permanently or indefinitely shut down," the board's ruling stated.

More: *Nuclear Street*

Department of Energy to Pay $44K Fine on Hanford Violations

The Department of Energy signed a consent agreement agreeing to pay $44,772 in fines assessed by the Environmental Protection Agency for hazardous waste storage violations at the Hanford Nuclear Reservation in Washington.

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FEDERAL BRIEFS

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The EPA cited the Energy Department for two incidents in 2013 when the department moved 136 drums of waste to an unapproved site and when it submitted a plan to close eight storage sites without required information.

More: KGW.com

EIA's Short-Term Outlooks Already Out of Date Due to Oil Slowdown

The Energy Information Administration's short-term energy outlook was out of date less than two weeks after it was released, thanks to the volatile energy markets.

The administration, part of the Department of Energy, is having trouble keeping up with fast-changing energy markets. Its recent forecasts of rig counts and oil and gas operations failed to predict the decline in new drilling operations because of the rapid plunge in energy prices.

More: Roll Call

DOE Releases $59M for Solar Energy Innovation Projects

The Department of Energy last week announced it was releasing $45 million in funding for solar manufacturing and putting up $14 million more for 15 new community solar deployment projects.

"As President Obama noted in his State of the Union address, the U.S. brings as much solar power online every three weeks as we did in all of 2008," Energy Secretary Ernest Moniz said. "As the price of solar continues to drop, the Energy Department is committed to supporting a robust domestic solar manufacturing sector that will help American business meet growing demand and help American families and businesses save money by making solar a cheaper and more accessible source of clean electricity."

The department said the new round of funding is aimed at helping the country reach the administration's goal of doubling renewable energy by 2020.

More: PennEnergy

Lawrence Livermore Lab Signs 20-Year Solar Deal with juwi

In what is billed as the Department of Energy's largest solar purchase from an on-site facility, the department's National Nuclear Security Administration signed an agreement with a solar developer to provide 6,300 MWh per year for the Lawrence Livermore National Laboratory in Livermore, Calif.

The facility, to be developed by juwi solar subsidiary Whitethorn Solar, will be a 3-MW ground-mounted photovoltaic system. The Whitethorn facility will sell into the Western Area Power Administration through a 20-year power purchase agreement with the department.

More: EIN News

-- Compiled by Ted Caddell

STATE BRIEFS

DELAWARE

Failed Data Center Project on Hook for $1.4 Million, Court Rules

The Data Centers LLC must pay three consultants $1.4 million in fees and interest related to the company's failed bid last year to build a power plant and data center on University of Delaware property, according to a recent Superior Court ruling.

The university rejected the project after community opposition arose. The Data Centers recently said it was eyeing a similar project in the greater Baltimore area.

More: Data Center Knowledge

ILLINOIS

Clean Line Unveils Proposed Routes In Series of Public Meetings

Clean Line Energy, which wants to build a 750-mile overhead direct-current transmission line from Kansas to Indiana, is holding a series of public meetings on the project.

The Grain Belt Express, designed to bring wind power from west to east through Missouri and Illinois, is similar to the company's Rock Island Line, which will run through northern Illinois. The Rock Island Line has already gained the approval of the Illinois Commerce Commission. Clean Line said it hopes to get ICC approval for the Grain Belt Line this year.

More: Chicago Tribune (subscription required)

INDIANA

IURC Approves Vectren's Emissions Plan for SW Indiana Coal Plants

The Utility Regulatory Commission has approved a plan by Vectren Energy Delivery of Indiana to install new emissions controls on its plants in the southwestern part of the state. Vectren plans to spend $70 million to $90 million on the project and to defer recovery of the costs until 2020.

"With today's ruling, we can avoid an immediate impact to our customers' electric bills yet still fulfill our obligation to comply with these additional, federally imposed environmental requirements," said Carl Chapman, Vectren's chairman, president and CEO.

More: RenewablesBiz

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State Briefs

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MARYLAND

MoCo Wants Pepco Lands Open As Condition of Approving Merger

The Montgomery County Council urged the state Public Service Commission to require Pepco Holdings Inc. to provide recreational access to its transmission rights of way as a condition of approving the utility's pending $6.8 billion acquisition by Exelon.

The council's resolution, the latest in a series of conditions set by various groups on the merger, would force Pepco to allow hikers to access trails crossing the utility's transmission easements. County Planning Chairman Casey Anderson said there are laws already in place to insulate utilities from liability for recreational use of their land. He said talks with Pepco officials in the past have not been productive.

"It's frustrating that we have generally tried to be cooperative with Pepco in the past in giving them the access they need to provide utility service, but they are not seeming to be inclined to reciprocate by giving us access when we need it," he said.

More: Gazette.net

MICHIGAN

State Faces Barriers to Fulfilling Renewable Energy Potential

A weak renewable energy portfolio standard and a lack of incentive to adopt new technology is blocking the state from reaching its full renewable energy potential, according to a recent report by the Institute for Energy Innovation.

The report noted that state lawmakers declined to adopt a standard that would require utilities to get 25% of their electricity from renewables by 2025. The current goal is 10% by the end of this year.

More: MLive

MISSOURI

Hundreds Attend PSC's Rate Hike Hearing for Ameren Missouri

Hundreds turned out last week for a Public Service Commission meeting to debate Ameren Missouri's 10% rate increase request, its sixth since 2007.

Ameren said it needs the increase to help it meet oncoming federal emissions standards. If approved, Ameren will have raised rates by 57% in seven years, according to the Fair Energy Rate Action Fund.

More: Dexter Daily Statesman

NEBRASKA

Loup Public Power Signs First Wind Energy Deal

Loup Public Power District has approved the purchase of electricity from a new wind farm, its first wind energy purchase.

The 19,000-customer district currently obtains its electricity from nuclear, hydro and fossil sources. Last week, it added wind generation from Bluestem Energy Solutions. Bluestem's wind farm, when completed, will have four turbines, each capable of generating 1.7 MW.

Although wind will provide only about 2% of the district's needs, "it gives us a chance to show that we're doing a little something for the environment in addition to the hydroelectric power," Loup president Neal Suess said.

More: Columbus Telegram

NEW JERSEY

Bills Aimed at Pushing Offshore Wind Power Pass Senate Panel

The state Senate Environment and Energy Committee last week approved two bills that could break a Board of Public Utilities logjam over offshore wind farms.

One bill would require the BPU to approve any qualified wind energy project and relax the current requirement for projects to submit cost-benefit analyses. The second would urge the BPU to finalize regulations needed to implement the "Offshore Wind Economic Development Act," enacted in 2010.

The BPU has repeatedly denied approval to a pilot project to build turbines near Atlantic City, saying it would be too costly for electricity customers.

More: NJ.com

NEW MEXICO

State Official Puts Brakes on $2 Billion SunZia Tx Line

State Land Commissioner Aubrey Dunn put a 60-day suspension on construction of a $2 billion SunZia Southwest Transmission Project to allow her office time to review the transmission line, which would deliver electricity generated from renewable sources in New Mexico and Arizona to western markets.

"Eighty-nine miles — nearly 30% — of the proposed transmission line will cross state trust land," Dunn said in a news release. "The suspension will allow our office time to ensure all necessary agreements are in place to protect state trust land and ensure state beneficiaries are receiving fair consideration by SunZia."

The company said it will work with Dunn's office to address any concerns.

More: Las Cruces Sun-News

NORTH CAROLINA

New Subpoenas Come to Light In Fed Investigation of Duke Spill

A Federal grand jury is investigating last year's coal ash spill from Duke Energy's Dan River plant, apparently to determine if the discharge of 39,000 tons of coal ash involved any criminal violations.

A newly unveiled federal subpoena of the state Utilities Commission sought communications between the commission and "Duke Energy or its employees, agents or consultants" regarding engineering reviews of the Dan River ash ponds. Investigators also sought all communication between the com-

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STATE BRIEFS

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mission and state environmental regulators about periodic ash inspections.

"An official criminal investigation of a suspected felony is being conducted by an agency of the United States and a federal grand jury," Assistant U.S. Attorney Banumathi Rangarajan wrote in a cover letter accompanying the June 24 subpoena. The subpoena was disclosed as a result of a public records request by the *News & Record*.

More: *The Times-News*

NORTH DAKOTA

PSC Approved $2.7 Billion In Projects in 2014

The Public Service Commission approved projects totaling $2.7 billion in 2014, up from about $1 billion the year before. The projects included transmission lines, power generating stations and pipelines, the commission said.

More: *Daily Journal*

OHIO

Ohio Edison Area Gets $690 Million In Tx, Distribution Improvements

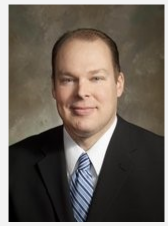
FirstEnergy says it invested nearly $690 million in transmission and distribution improvements last year in Ohio Edison territory, allowing it to exceed reliability standards set by the Public Utilities Commission.

More than $581 million was spent on new transmission projects, the company said, including a new 100-mile, 345kV line from the Bruce Mansfield plant to northeast Ohio.

More: *Transmission & Distribution World*

PENNSYLVANIA

Gov. Corbett's Energy Advisor Leaves for Gas Industry Job



Henderson

Patrick Henderson, former Gov. Tom Corbett's energy executive, has become a lobbyist for the Marcellus Shale Coalition, an industry trade group.

Henderson confirmed that he will be the MSC's next director of regulatory affairs. MSC President Dave Spigelmyer praised Henderson's "deep understanding of energy-related regulatory and legislative issues."

But Barry Kauffman of Common Cause PA said Henderson's move to represent the industry "elevates cynicism about how government operates." Sierra Club representative Joanne Kilgour was even more blunt: "We always suspected he was working for the interests of polluters rather than the people of Pennsylvania," she said. "Now he just has the title to prove it."

More: *StateImpact*

SOUTH DAKOTA

TransCanada to Argue to Use 2010 Permit for Keystone

The Public Service Commission ruled that it will allow TransCanada to try and convince the panel why a 2010 construction permit issued for the Keystone XL pipeline should still be valid.

The Yankton Sioux Tribe and the Rosebud Sioux Tribe, backed by other tribal and landowner organizations, wanted the commission to dismiss TransCanada's application. Their central argument was that 30 changes identified by TransCanada require a new permitting process. The PSC, by a vote of 3-0, denied the tribes' requests.

Evidentiary hearings are set for May.

More: *Aberdeen News*

WISCONSIN

Lawmakers Debate Impact of EPA Emissions Plans on State

Wisconsin could spend as much as $13 billion to comply with new Environmental Protection Agency emissions mandates, according to Ellen Nowak, a member of the Public Service Commission.

Nowak, one of several speakers at a joint committee hearing in Madison last week, said the new emissions rules could hurt Wisconsin because of the state's heavy reliance on coal-fired power plants. Others said they felt the mandates are being unfairly thrust on the state. "What we have here is an unfunded mandate from the federal government, the Obama administration," state Sen. Rick Gudex (R-Fond du Lac) said.

But Keith Reopelle, of the environmental group Clean Wisconsin, was more upbeat. He said current renewable requirements, as well as energy efficiency programs, leave Wisconsin well positioned to meet the new rules.

More: *Milwaukee Journal-Sentinel*

-- Compiled by Ted Caddell

Entergy Out-of-Cycle Tx Request Draws Competitors' Ire

Continued from page 1

and 230-kV transmission.

> In the event that a Transmission Owner determines that system conditions warrant the urgent development of system enhancements that would be jeopardized unless the Transmission Provider performs an expedited review of the impacts of the project, Transmission Provider shall use a streamlined approval process for reviewing and approving projects proposed by the Transmission Owners so that decisions will be provided to the Owner within thirty (30) days of the project's submittal to the MISO unless a longer review period is mutually agreed upon.
>
> — Transmission Expansion Planning Protocol (Tariff Attachment FF)

"It's not the largest [out-of-cycle project] we've ever received, but it's substantial," said Jeff Webb, MISO director of planning, in presenting the project to the Planning Advisory Committee on Wednesday.

Under the Transmission Planning Business Practice Manual, out-of-cycle projects are limited to reliability projects that address a need identified after the project submittal cutoff date of the prior annual MTEP cycle, with a required need date within three years of the request date and expected in-service date within four years.

Webb said the cost of the project would be allocated to the Entergy pricing zone and built by Entergy — not opened to the competitive selection process ordered by the

Continued on page 20

Entergy Out-of-Cycle Tx Request Draws Competitors' Ire

Continued from page 19

Federal Energy Regulatory Commission in Order 1000.

"If you wait long enough, everything becomes a reliability project," said George Dawe, vice president of Duke American Transmission. "In my mind it doesn't meet at least one, and maybe two, of those criteria. … They're saying that sometime after September this load materialized."

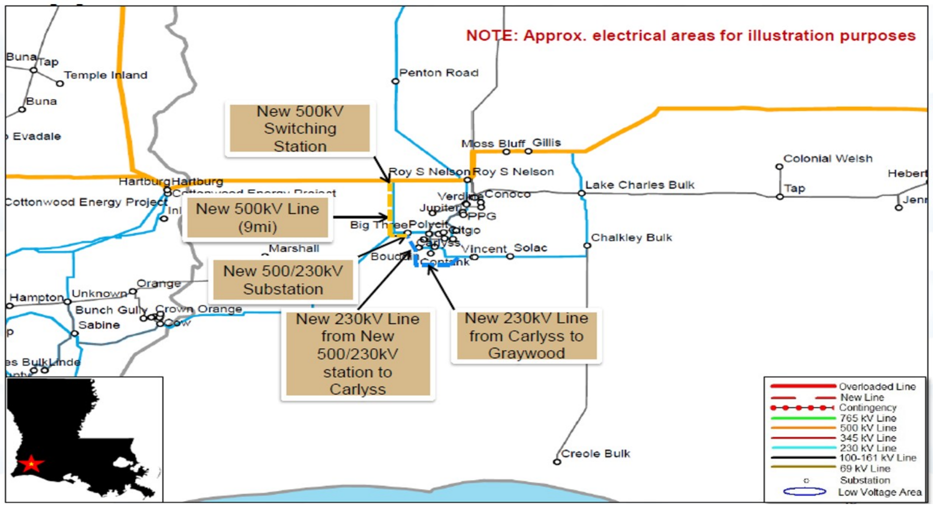
"We think it meets the requirements," responded Webb, noting the requested June 2018 in-service date. "It seems rational. We have no knowledge of when Entergy may or may not have known."

Webb's defense did not end the debate. Dawe was joined by others also expressing skepticism. Discussion of the project — scheduled for 10 minutes on the agenda — stretched on for about 45 minutes.

Sharon Segner of LS Power requested MISO evaluate the project to see "whether there are benefits to this line outside of Entergy's footprint and whether it goes to the competitive bid process." Those are the questions, she said, that would be the subject of a potential challenge before FERC.

Webb said such an evaluation would take too much time to meet Entergy's schedule.

Entergy's press release indicated the project would have benefits beyond reliability: "In addition to enhancing reliability, operational flexibility and helping meet the increased demand in the region, the project will also improve access to lower cost generation in the [MISO] market, potentially reducing costs for all customers in the area."



Proposed Lake Charles transmission project. (Source: MISO)

Kipp Fox of AEP Transource questioned how the load "mysteriously appeared between Module E submissions" — interim resource adequacy plans each load-serving entity is required to provide MISO annually.

"You should have some governance rules," he added.

Webb insisted Entergy's claim was "believable."

"It's kind of like generator interconnections. Lots of people talk about generator interconnections. [Utilities] don't start planning and building until you have a commitment."

Tia Elliott, director of regulatory affairs at NRG Energy, noted that Entergy had won approval of an out-of-cycle project in Lake Charles a year ago. "Here we are a year later and we see another request for load growth in the Lake Charles area," she said, noting that the total cost of the two projects exceeds $200 million.

Entergy submitted the earlier request Dec. 19, 2013, saying it was needed to respond to a signed contract it received about two weeks earlier for new block load additions in the Lake Charles area. The request proposed construction of a substation and a transformer upgrade. The company said the facilities, estimated to cost $37.7 million, were needed by summer 2015.

Webb said there is a tension between emergent reliability needs and the competitive developer selection process under Order 1000, which can take 12 months or longer.

Subjected to the competitive process "this project wouldn't have a developer for a year and a half from now and it has to be in service in June 2018," he said. "There's not enough time."

Webb also said MISO is "sensitive … to the possibility of gaming that [our-of-cycle] process." He invited stakeholders to provide "specific suggestions on how we can meet those two competing issues" through rule changes.

In a statement, Entergy said the project meets all four of MISO's criteria for out-of-cycle projects. The filing "is the appropriate process for this project given the unprecedented growth occurring and the limited time to install the facilities needed," it said.

"We look forward to participating in the stakeholder process and we fully expect MISO to approve the [project] as a baseline reliability project needed to support the unprecedented economic development occurring in this region."

Tom Mielnik, manager of electric system planning at MidAmerican Energy, said the out-of-cycle process is necessary.

"Customers like to make the decision at the last minute and then they want the utility to act expeditiously," he said. "This is a real issue and a need for out-of-cycle projects." He added that customers "typically" insist that utilities keep their potential interest confidential as they weigh several different sites for potential expansions.

The project will be discussed in detail at a Feb. 11 meeting of the South Technical Study Task Force in New Orleans. The project will also be considered by the System Planning Committee of the Board of Directors, which Webb said could recommend it to the full board as soon as April.

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