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MISO Gets OK to Add 10th Zone in Mississippi

By Chris O'Malley

The Federal Energy Regulatory Commission has conditionally granted a request by MISO to create a 10th local resource zone, in Mississippi (ER15-1771).

The state currently is part of MISO Zone 9, which also consists of Louisiana and part of Texas.

MISO's Tariff requires that the RTO must develop new zones by Sept. 1 of each year if necessary to ensure adequate planning resources to meet demand and loss-of-load-expectation requirements.

MISO said its analysis showed the need for a separate, stand-alone zone for Mississippi.

MISO will use the zone to allocate costs of new market efficiency projects. It will not affect the cost allocation transition period for the MISO South region, the order stated.

The RTO defines zones by several criteria, including state and local balancing authority boundaries and the strength of transmission interconnections between balancing authorities.

FERC said MISO's re-evaluation was consistent with such criteria and that no parties opposed creating the new zone. "MISO states that with the new Mississippi zone, MISO will continue to appropriately balance the granularity in the calculation of benefits from market efficiency projects and the un-

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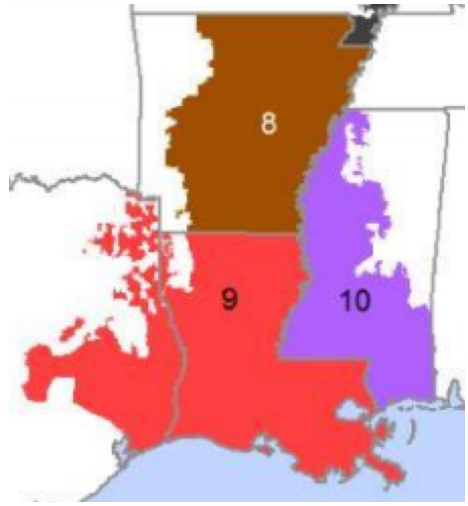

(Source: MISO)

FERC Orders PJM to Include DR, EE in Transition Auctions

Auctions Delayed for 1 Month

By Rich Heidorn Jr.

PJM will delay the transition auctions for the new Capacity Performance regime to comply with a Federal Energy Regulatory Commission order that the RTO include demand response and energy efficiency.

FERC ruled 4-1 late Wednesday that the auctions, which were set to begin July 27, would not be just and reasonable without permitting DR and EE resources to participate. PJM must make a filing within 15 days describing how it will comply with the order and setting a new schedule.

The commission ruled in response to a joint complaint by the PJM Industrial Customer Coalition, environmentalists and regulators or consumer advocates from Delaware, D.C., New Jersey, Maryland, Pennsylvania, Illinois and West Virginia. A coalition of DR providers had filed a separate challenge to PJM's exclusion.

New Schedule

Stu Bresler, senior vice president of market services, told the Markets and Reliability Committee on Thursday morning that the RTO will schedule the transition auctions after the Base Residual Auction Aug. 10-14.

The transition auction for 2016/17 had been set for July 27-28 and that for 2017/18 for Aug. 3-4. Bresler said PJM is tentatively planning to hold the 2016/17 auction beginning Aug. 31 and that for 2017/18 on Sept. 7.

PJM had said the transition auctions were designed to "provide a glide path" for generation resources that needed time to make investments to meet Ca-

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Price Tag Likely to Rise for Northern Pass Transmission Line

By William Opalka

The price tag on the proposed Northern Pass transmission line in New Hampshire appears likely to rise after a draft environmental impact statement released last week showed the cheapest route would also have the greatest environmental impact.

The draft EIS by the U.S. Department of Energy evaluates various alternatives for the 187-mile route that would connect Canadian hydropower with the wholesale energy markets in New England.

The developers' preferred route would require the creation of a

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ISO-NE NEWS

Fourth Time the Charm?

Brayton Point Union Again Challenges ISO-NE Auction

The union representing workers at a Massachusetts power plant slated for closure is again asking federal regulators to reconsider its protest of capacity auction results in New England (ER15-1137).

Brayton Point plant

Utility Workers Union of America Local 464 last week asked the Federal Energy Regulatory Commission to rehear its order accepting results from the ninth Forward Capacity Auction from February, citing "errors" in a June order affirming the results.

The union has tried three times without success to persuade FERC that recent capacity auctions in New England have been tainted by generators illegally withholding the Brayton Point generating station from the last two FCAs to boost prices paid to other assets. (See *FERC Accepts ISO-NE Capacity Auction Results*.)

"The June 18 order errs by failing to place the burden of proving just and reasonableness and compliance with the Tariff with respect to the FCA 9 results on ISO-NE, as required by Federal Power Act ... and the ISO-NE Tariff, and by failing to expressly find that ISO-NE failed to meet that burden in reaching its finding approving the FCA 9 results, and particularly by failing to require the submission of substantial evidence affirmatively demonstrating that the attempted withdrawal or 'retirement' of Brayton Point by its owner announced in early 2014 was economic, and therefore in conformity with the ISO-NE Tariff provisions," the filing says.

— William Opalka

Iberdrola Profits Rise; Refiling on UIL Acquisition Soon

Iberdrola reported net income of 1.5 billion euros in the first six months of 2015, up 7.4% on the same period last year, as increased revenue in its U.S. and other overseas operations offset declines in Spain.

Gross operating profit increased by 5.7% in the first half to 3.8 billion euros, thanks to the strong performance of its international business, which grew by 20%, compared to a 6.5% drop in Spain, the company said in a statement.

The company also reiterated plans to refile with regulators in Connecticut and Massachusetts its proposed acquisition of UIL Holdings, which was derailed earlier this month. (See *Iberdrola Withdraws UIL Acquisition; Plans to Refile*.)

The company only briefly mentioned its proposed acquisition of Connecticut-based UIL, which has gas and electric operations in New England. Iberdrola expects to close the deal in the fourth quarter of the year.

The company said it has received approvals from all four federal agencies required and expects to close the transaction in the fourth quarter.

— William Opalka

ISO-NE Tariff Changes Make Renewables More Easily Dispatchable

By William Opalka

The Federal Energy Regulatory Commission has accepted revisions to the ISO-NE Tariff that make wind and hydropower resources more readily dispatchable (ER15-1509).

The changes "will minimize the need to use manual curtailment processes and thus, provide for a more economically efficient use of these resources," FERC wrote.

The recent increase in the integration of variable renewable resources in relatively remote areas of the transmission system has caused increased congestion, ISO-NE said. These resources do not have direct control over their net power output, are not currently electronically dispatchable and must be manually curtailed to manage congestion, which is inefficient.

ISO-NE said the new method would manage localized congestion through Do Not Exceed (DNE) Dispatch Points — the lesser of the maximum output level at which the resource would operate in economic dispatch, or a reliability limit representing the maximum output consistent with reliability constraints.

FERC said the changes are particularly important as these resources are increasing in New England. While there are 878 MW of wind and 321 MW of hydro generation operating in the region, there are more than 4,000 MW of these renewables in the RTO's interconnection queue.

"We agree with ISO-NE that these changes will improve price formation, particularly in areas that have a high penetration of renewable resources and limited transmission capacity, and system reliability because of the reduced reliance on manual curtailments," the commission said.

FERC, however, rejected Tariff language that would have excluded wind resources from participating in regulation and reserves markets, agreeing with renewable energy developers that a "blanket exclusion" was not justified. "Eligibility for providing these services should be based on capability and performance characteristics rather than categorical exclusions," according to the order. Rules should be developed through a stakeholder process, the commission said.

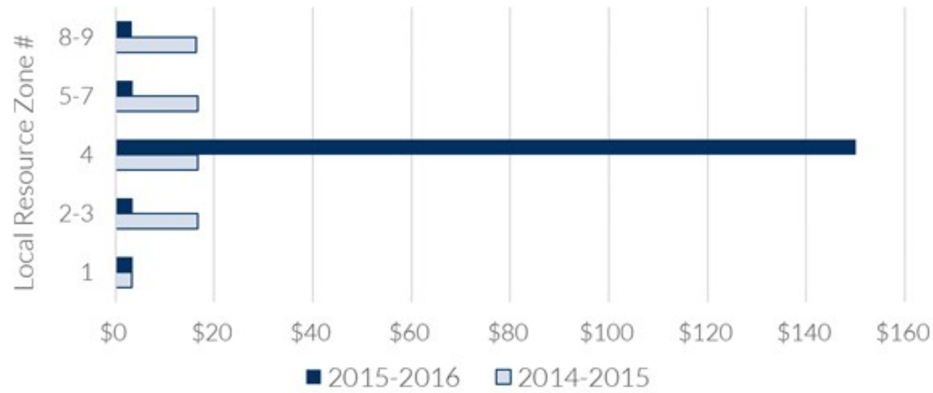
FERC also gave hydro resources that do not currently have remote terminal units an additional year to comply because they have to undertake additional steps to become DNE Dispatchable Generators, compared with resources that already have the equipment.

ISO-NE's proposed Tariff revisions are conditionally accepted effective April 10, 2016, with a compliance filing due in 30 days.

MISO NEWS

Illinois AG Joins Call for Changes to MISO Auction Rules

By Chris O'Malley



MISO Planning Resource Auction clearing prices ($/MW-day) (Source: MISO)

Illinois Attorney General Lisa Madigan last week joined industrial consumers in calling for changes to MISO's capacity auction rules, while the RTO defended itself, in filings with federal regulators.

MISO's rules "are no longer just and reasonable and require modification," Madigan said in comments filed July 20 with the Federal Energy Regulatory Commission (EL15-82). Madigan said last week that she supports proposals the Illinois Industry Energy Consumers made in a June 30 filing.

In May, the attorney general and Public Citizen filed complaints asking FERC to investigate Dynegy's bidding behavior in April's Planning Resource Auction, which resulted in a nine-fold price increase for Zone 4 (EL15-70).

IIEC said last May's auction — which saw Zone 4 clear at $150/MW-day compared with just $16.76 a year earlier — will cost Illinois industrial companies $1.6 million each, on average. Madigan said the dramatic swing in auction prices also hurts Illinois' residential ratepayers.

"While the people did not propose specific Tariff changes in their complaint, the changes recommended by IIEC address some of the issues raised in the people's complaint and are necessary revisions to ameliorate the effects of market power in the MISO zones, and particularly in Zone 4," Madigan said.

Industrials and Madigan say the idea that Dynegy's bids are justified by the opportunity cost of selling power into PJM is specious. IECC said there is little transmission capacity and "very few" bilateral sales between MISO and PJM. That, Madigan said, calls "into question the existence of the opportunity to sell to PJM at the prices reflected in the initial reference level."

The initial reference level is set "as if there were no limits on the transmission of MISO-generated megawatts in the PJM areas," Madigan said.

Citing FERC's Electric Quarterly Reports, consultant Robert McCullough, a witness for the state, said that prices of the few bilateral sales from MISO to PJM were low — with one at only $1.09/MW-day.

MISO Response

In a response filed July 20 (EL15-82), MISO said the IIEC comments "misapprehend" the concept of opportunity costs.

MISO said IIEC suggests that the RTO may only calculate an opportunity cost prior to the PRA based upon "having perfect knowledge" — not only of resources' bids into MISO's auction, but also of bids into PJM's market.

"Then, MISO is somehow expected to create a clearing price for markets in both PJM and MISO based upon such perfect knowledge," MISO shot back. "Obviously, this standard is impossible to meet and unnecessary to properly estimate a supplier's opportunity cost."

MISO also countered that IIEC's proposal would result in double-counting resources and incentivize suppliers to not make offers into MISO, "which will lead to a less robust market and potentially higher prices."

Confidentiality Needed

IIEC and Madigan said FERC should also reconsider how the initial reference level is communicated to generators. In Illinois' auctions for default electric service, the market administrator determines a benchmark price, but it is kept confidential so that bidders base their offers on their own costs rather than pegging them to a higher level, Madigan said.

"In revising the MISO Tariff, the commission should require that the reference level be maintained as confidential so that bidders cannot structure their bids around the reference level," Madigan said. "While a reference price that is properly established may be a useful tool to address market power, MISO's Tariff perverts the role of the reference price from a meaningful cap to an instrument of market power."

Counter-Flow Concerns

Finally, the attorney general supports another revision to MISO's Tariff recommended by IIEC: reducing the local clearing requirement (LCR) by the amount of capacity exported into a neighboring market. They say that an LCR that is too high creates more opportunity for a large generator to exercise market power.

Madigan cited the Independent Market Monitor's 2014 State of the Market report, which stated that the binding of the LCR in Zone 4 was impacted by about 1,200 MW exported from Zone 4 to PJM. The Monitor recommended that MISO file Tariff revisions to treat local capacity exports "as creating counter flow over the interface" into the zone.

"This would cause the capacity to be replaced by the lowest-cost capacity from any area in MISO, rather than requiring that additional capacity be procured from within the zone," the Monitor wrote.

IIEC filed testimony claiming that if the 1,200 MW of exported capacity had been excluded from the LCR, the pivotal supplier's opportunity to exercise market power would have been limited to $8/MW-day,

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MISO NEWS

MISO Gets OK to Add 10th Zone in Mississippi

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certainty of these calculations at a more granular level," FERC wrote.

New Zone Rests on Resolving Another Dispute

But FERC said its approval would be conditional on resolution of a pending case involving proposed revisions to MISO's resource adequacy construct. The RTO filed the proposed changes to comply with FERC orders addressing concerns about deliverability of capacity resources throughout MISO's footprint (ER11-4081).

MISO won commission approval to impose a zonal deliverability charge on load-serving entities that meet their resource adequacy requirements through resources located outside of the zone where their loads are located.

MISO proposed two types of hedges against deliverability charges, including a "grandmother agreement" for market participants that secured firm transmission rights prior to July 20, 2011.

But FERC ordered MISO to terminate the grandmother agreements after a two-year period, saying it would unreasonably allow LSEs to avoid using deliverability as part of their resource planning analysis — negating the purpose and reliability benefits of the proposed locational market mechanisms.

Parts of that 2011 FERC order are still being slugged out at the commission. Among those trying to convince FERC to rehear the elimination of the grandmother clause is Great River Energy, which said it has been exposed to significant pancaked costs for capacity since the two-year phase out of the waiver.

Dynegy Case Indicative of Broader Zone Problem?

In a filing last month, Great River referred to a dispute involving zonal boundaries: the complaint filed in May by Public Citizen and the Illinois Attorney General about the ninefold increase in Zone 4 prices in MISO's Planning Resource Auction last April (EL15-70).

Great River said that case illustrates "that commission action is needed to address problems in the implementation" of zones.

Great River said the Zone 4 complaints also demonstrate significant price separation that can occur between zones. "Some of this price separation could have been hedged from grandmother agreement treatment if firm transmission service existing from non-Zone 4 generation to Zone 4 load."

In Great River's case, it told FERC it is likely to incur even more capacity costs through the islanding of its load in Zone 3. Great River said MISO's "improper" application of the zone criteria had the effect of islanding its load in southern Minnesota by carving it out of Zone 1, where all of its generation is located.

Illinois AG Joins Call for Changes to MISO Auction Rules

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compared to the $150/MW-day Dynegy received in the April auction.

'Simply Incorrect'

MISO countered that IIEC "is simply incorrect" in stating that MISO fails to account for counter flows when it calculates each zone's LCR. MISO said it has properly accounted for resources in one zone that are sold into another capacity market when it calculates each zone's capacity import limit, which is used to establish the LCRs.

Subsequently counting zonal resource credits again when calculating the LCR would amount to double-counting a resource, MISO said.

"Artificially lowering the local clearing requirement would threaten resource adequacy in the MISO region and unjustly and unreasonably suppress capacity prices," the RTO said.

Original Complaint

Meanwhile, the attorney general and Public Citizen have made filings asking FERC not to dismiss the complaints they filed in May, as Dynegy, NRG Energy and the Electric Power Supply Association have requested.

Madigan

Market Monitor David Patton and MISO have joined Dynegy in denying allegations of improper conduct in last April's auction. (See Dynegy: No Evidence of Misconduct in Auction.)

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NYISO NEWS

NYPSC Opposes NYPA Transmission Rate Hike Request

By William Opalka

The New York Public Service Commission has come out against the New York Power Authority's bid for a nearly 10% increase in its transmission rates, saying its requests for an adder for ISO participation and use of a 60% equity capital structure are excessive.

The Power Authority asked the Federal Energy Regulatory Commission on June 2 for approval of a formula rate including a 50-basis-point adder to its return on equity for participation in NYISO and permission to base its ROE on a capital structure with 60% equity. It also sought recovery of its costs for a transmission project to address reliability concerns if the Indian Point nuclear power plant is closed.

The proposal, which includes a base ROE of 8.85%, would increase the organization's annual transmission revenue requirement by approximately 9.6%, from $175.5 million to $192.4 million, effective Sept. 1.

The PSC said in a filing last week that the adder for participation in NYISO "is unnecessary and unwarranted" because the authority has already agreed to turn operational control of its transmission facilities over to the ISO (ER15-2102).

Regulators said the requested capital structure also is excessive and unnecessary "since a 50% equity ratio would adequately balance collections from customers and ensure that the utility has access to capital markets at reasonable terms."

The PSC also said FERC should defer action on proposed performance-based incentives regarding the Marcy-South Series Compensation (MSSC) project, pending resolution of settlement discussions in a separate docket.

ISO Participation Adder

The NYPSC said the ROE adder for participation in NYISO is unnecessary.

The PSC said it supports ROE incentive adders "that truly provide consumer benefits, such as encouraging the use of innovative technologies or providing congestion relief. … An additional incentive for NYISO participation is not justified where the commission's goals of incentivizing the creation of the NYISO and transferring operational control of their transmission facilities to the NYISO have already been achieved. Awarding NYPA an ROE incentive for what it must do in any event is not warranted since the incentive will have no effect on its behavior."

Capital Structure

The PSC also said NYPA's equity ratio should be limited to 50%, consistent with utilities similar to the authority.

The PSC said ratepayers would also pay excessive costs to maintain NYPA's "exceedingly strong" credit rating. Its equity ratio as of 2014 was 76.4%. The PSC notes that Moody's Investors Service has called the authority's debt ratio "one of the lowest of any major U.S. public power electric utility with generation."

The PSC said the authority's proposal to cap its equity at 60% "incorrectly suggests that the costs associated with maintaining these high-end financial metrics do not come at an increased cost to ratepayers, relative to investor-owned utilities."

"While NYPA has certain tax advantages over investor-owned utilities, having financial ratios in the Aaa-range come at a cost to ratepayers due to an overall increase in equity costs. All else equal, NYPA could collect less from ratepayers while maintaining its metrics in the 'Aa' range. … Slightly lower credit metrics, due to a lower equity ratio, will in no way hinder NYPA's ability to raise capital on reasonable terms."

Marcy-South

The PSC also challenged as "premature" the authority's request for recovery of its costs if the Marcy-South project is abandoned for reasons outside the NYPA's control.

The MSSC project is one of the Transmission Owner Transmission Solutions (TOTS) projects being developed by the authority and New York Transmission Co. as a result of recent PSC proceedings to address reliability concerns over the potential retirement of Indian Point.

The authority said it intended to "include the same risk-sharing or performance-based incentive components that are ultimately agreed to by the NY Transco in Docket No. ER15-572 with respect to future competitive projects."

The PSC said that because of the overlapping issues between the two dockets, FERC should defer the issue pending the outcome of the NY Transco proceeding.

No Day-Ahead Schedule Changes Needed, NYISO Says

NYISO told the Federal Energy Regulatory Commission last week it does not plan to make any changes in its day-ahead schedule to comply with FERC Order 809, which adjusted the gas market schedule.

In a July 23 filing, NYISO said the existing day-ahead schedule satisfies the timing requirements directed by the order, which moved the timely nomination cycle deadline for gas to 1 p.m. CT from 11:30 a.m. and added a third intraday nomination cycle (EL14-26).

FERC required RTOs and ISOs to adjust the posting of their day-ahead energy market and reliability unit commitment process results "sufficiently in advance" of the revised gas cycles, or explain why it is not suitable for their markets. (See *FERC Approves Final Rule on Gas-Electric Coordination*.)

The ISO said it posts its day-ahead schedules by 11 a.m. ET (10 a.m. CT) and that day-ahead reliability unit commitments are posted at the same time as successful day-ahead economic bids, giving generators at least one and a half hours before the nomination deadline for the existing timely nomination.

"After Order 809 becomes effective, and the nomination deadline for the timely nomination cycle moves to 1 p.m. CT, the NYISO will be notifying electric generators of their day-ahead schedules at least three hours before the timely nomination cycle deadline," the ISO said.

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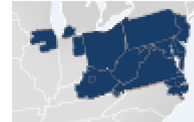


Markell, Delmarva Officials Urge PJM Board to Reject Artificial Island Proposal

By Suzanne Herel

Markell

Delaware Gov. Jack Markell has joined regulators, consumer advocates and industrial customers representing the Delmarva Peninsula in lobbying the PJM Board of Managers to reject planners' recommended reliability fix for Artificial Island, barring a new look at why virtually all of the project's $146 million price tag will be charged to Delaware and Maryland customers.

"As the project is currently structured, Delaware consumers would bear over $100 million of costs associated with the project in exchange for a very small portion of the value it would create," Markell wrote in a July 13 letter to board Chairman Howard Schneider.

According to the Delaware Public Service Commission, that could translate to a 25% increase in transmission costs in the state. Some of the state's heaviest users could see their monthly bills surge by hundreds of thousands of dollars, Markell said.

"It seems patently unfair that electricity users in the Delmarva Peninsula would bear almost the entirety of the costs of a project for which the principal benefit is not expanded energy transmission in Delaware, but maximizing power from generating units in New Jersey that serve customers throughout the PJM region," Markell said.

"Allocating to Delaware and Maryland consumers the bulk of those costs for a project not necessitated by demand in this area is neither reasonable nor equitable."

Paul McGlynn, PJM's general manager of system planning, said in an interview that cost allocations for Order 1000 projects are formulaic and governed by PJM's Tariff as approved by the Federal Energy Regulatory Commission.

When the 10-member board meets Wednesday in closed session, it could take a position anywhere on a wide spectrum, from approving the project as-is, to directing staff to develop Tariff changes regarding cost allocation, he said.

A number of those dissatisfied with the cost allocation recalled the board's rejection last summer of a Public Service Electric & Gas proposal to upgrade Artificial Island following outcry from losing bidders, environmentalists and New Jersey officials. (See *PJM Board Puts the Brakes on Artificial Island Selection*.)

"The board displayed leadership and courage in July 2014 to defer decision on the Artificial Island proposal selected," a group of end-use businesses said a July 17 letter.

"We respectfully submit that similar leadership and courage is necessary again now with respect to Artificial Island to ensure that the project selected by PJM staff and the cost allocation produced by PJM's solution-based DFAX [distribution factor] do not undercut PJM's important efforts to implement Order No. 1000 in a just and reasonable manner," said the group, which includes Linde, E.I. du Pont de Nemours and Co., Delaware Racing Association, Kuehne Chemical Co., Delaware City Refining Co. and Christiana Care Health System.

PJM staff announced at a special April 28 meeting of the Transmission Expansion Advisory Committee that they would recommend LS Power's plan to use horizontal directional drilling under the Delaware River to build a new 230-kV circuit from Salem, N.J., to a new substation near the 230-kV corridor in Delaware, tapping the existing Red Lion-Cartanza and Red Lion-Cedar Creek 230-kV lines. (See *PJM Staff Picks LS Power for Artificial Island Stability Fix; Dominion Loses Out*.) LS Power's proposal also includes the option of an overhead crossing.

PSE&G and Transource Energy, two other finalists, were tapped to build necessary connection facilities.

Home to the Salem and Hope Creek nuclear reactors, Artificial Island is the second largest nuclear complex in the country. Special operating procedures that historically have been used to maintain stability in the area have become increasingly difficult to implement while respecting the system's other operational limits.

Beneficiary Analysis Requested

In their letters, the Delaware Public Service Commission, the Maryland Public Service Commission and Old Dominion Electric Cooperative requested that PJM provide a detailed beneficiary analysis justifying the project's cost allocation.

ODEC went further, requesting a breakdown of cost allocation and benefits for all four project finalists. (See *Artificial Island Finalists Face Off in Tense Meeting*.)

ODEC noted that the cost of PSE&G's alternative 500-kV project would have been divided among all PJM zones on a load-ratio share basis, with 50% allocated using the solution-based DFAX method.

"In other words, two transmission upgrades designed to address the same operational performance issues and both costing approximately the same would be allocated to widely varying groups of customers," it said.

"ODEC believes that, in this specific situation, the cost allocation of the proposed Artificial Island solutions is highly relevant to the determination of whether the proposal is 'the more efficient and cost-effective solution.'" It noted that FERC is considering a number of similar challenges to certain DFAX cost allocations.

Environmental Impact

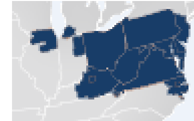
The board received another letter opposing the Artificial Island project, but on environmental grounds, from the Delaware Riverkeeper Network. It urged the board to seek out an alternative with fewer environmental impacts that does not include crossing the Delaware River.

Riverkeeper Maya K. van Rossum noted that the project's route will traverse the Augustine Wildlife Area and the Appoquinimink River, which include large expanses of wetlands that are part of the largest preserved coastal marshland on the East Coast. Several endangered bald eagles breed in the area, which also supports the similarly endangered northern harriers, she said.

"Furthermore, species such as the federally endangered Atlantic Sturgeon — of which there are less than 300 spawning adults each year of the river's genetically unique population — can ill afford additional harm to their population, spawning capabilities or juvenile survival."

If PJM proceeds with the LS Power proposal, she said, the group will request federal agencies to prepare a full environmental impact statement. "In addition to potential time delays, any environmental impacts will raise the cost of the project through the need for mitigation projects," she said.

PJM NEWS



PJM Markets and Reliability Committee Briefs

Capacity Performance-Related Manual Changes Endorsed

WILMINGTON, Del. — Members approved changes to Manual 18 necessary to incorporate Capacity Performance in the upcoming Base Residual Auction.

The motion passed over one objection and 25 abstentions.

PJM officials said stakeholders have expressed concern about approving manual language when some aspects of the new product are still in flux. (See *PJM Delays Vote on Capacity Performance Rules*.)

They said more educational workshops are planned and that the minutes of Thursday's meeting will explicitly state that the vote was taken with the recognition that additional details may need to be worked out as the process moves forward.

In separate but related changes to Manual 20: PJM Resource Adequacy Analysis, members set constraints for two limited availability resources that will be permitted to participate in the 2018/19 and 2019/20 delivery years. The constraints are necessary to ensure reliability.

Base Capacity DR is available for interruption every day from June 1 through Sept. 30 and unavailable the rest of the year. Its constraint was set at 8.3% of the resource requirement.

Base Capacity Generation is assumed to be available throughout the delivery year except for one week at the winter peak. Its constraint was set at 18.9%.

Details of the constraint computation methodology were added as Section 6.

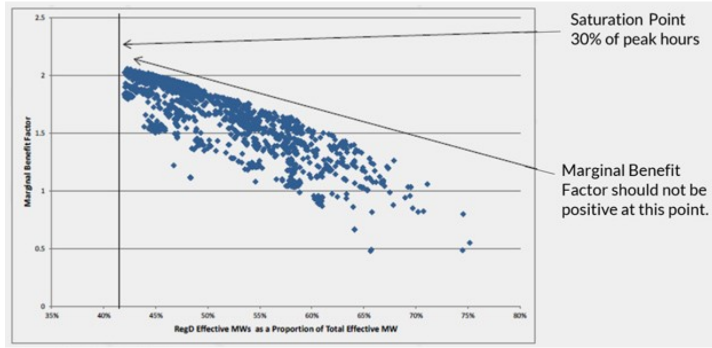
Early Capacity Replacement Approved

The committee endorsed manual changes allowing market participants to enter replacement capacity transactions earlier than Nov. 30 prior to the start of the delivery year if the need is linked to a physical reason that would prevent a participant from meeting its commitment. The changes prohibit generation that is replaced early from being recommitted for the delivery year. (See *Earlier Replacement Capacity Transactions Approved*.)

The PJM motion passed with a 68.8% sector-weighted vote. As a result, an alternative proposal by Baltimore-based CPower was not considered. It would have allowed the early replacement transactions without the restrictive conditions. Consultant Tom Rutigliano, who made the proposal, said that PJM's restrictions are discriminatory against demand response and energy efficiency resources, prevent resources from following price signals and restrict options for reliability.

Task Force to Study Regulation Market Issues

The Independent Market Monitor won approval of a problem statement and issue charge surrounding concerns that PJM is buying too much fast-responding RegD resources in the regulation market. The initiative also will consider changes to the marginal benefit factor that defines that substitutability between RegA and



Relationship between proportion of RegD effective megawatts and marginal benefit factor (peak hours 2014) (Source: Monitoring Analytics)

RegD megawatts, which the Monitor says is faulty. (See *PJM Market Monitor: Faulty Marginal Benefit Factor Harming Regulation*.)

The motion passed with 65.8% in a sector-weighted vote.

Some stakeholders voiced concern over approving a new initiative while PJM is examining related issues through its Operating Committee and still digesting the transition to Capacity Performance.

Monitor Joe Bowring said it makes sense for the study of market design and of the marginal benefit factor to be considered on parallel tracks.

"I don't think we can allow the market to be dysfunctional much longer," he said. "There's always going to be a million things going on at PJM."

Added Mike Kormos, committee chair, "We cannot continue to carry as much RegD as we have and maintain control."

Tariff Harmonization Task Force to Become Subcommittee

Instead of creating a separate group to clean up language in the RTO's governing documents that is "ambiguous, incorrect or requires clarification," the committee agreed to remodel the Tariff Harmonization Senior Task Force as a subcommittee and assign it the task. (See *PJM Law Proposes Cleaning up Language in Governing Documents*.)

Meanwhile, the Tariff Harmonization Senior Task Force won endorsement for its first batch of seven revised definitions. (See *Task Force Proposed to Resolve Inconsistencies in PJM Governing Documents*.)

Committee Shoots Down ODEC FTR/ARR Proposal

Garnering just 59% of a sector-weighted vote, Old Dominion Electric Cooperative fell short of winning approval for a proposal that combined recommendations from PJM and the Market Monitor in redesigning the financial transmission rights and auction revenue rights process. (See *ODEC Seeks Last-Ditch Vote on Deadlocked FTR/ARR Issue*.)

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PJM NEWS

PJM Stakeholders to Study Relaxing Some Confidentiality Rules

By Suzanne Herel

WILMINGTON, Del. — PJM members agreed last week to consider relaxing confidentiality rules, despite reservations from several utilities.

Current rules allow the release of sensitive data only if it includes information about at least three market participants and is no more specific than a PJM transmission zone. PJM also is prohibited from discussing confidential information that has been made public elsewhere.

PJM's Tom Zadlo said the problem statement represented an effort to strike a "reasonable balance between transparency and confidentiality."

For example, he said, the cold weather events during the 2014 polar vortex and the hot weather events from 2013 "both were instances where PJM was interested in releasing more data. We would not have been releasing data in a harmful way, but it was prevented." (See *PJM Considering Release of Uplift, Outage Data*.)

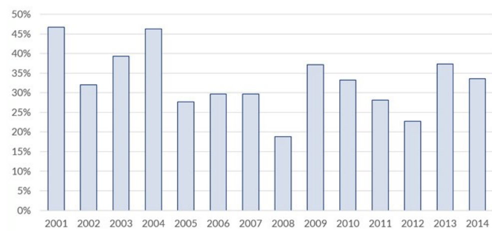
Neal Fitch of NRG Energy questioned whether PJM was presenting a problem statement or presenting a solution.

"All problem statements, according to doctrine, are the question, not the answer," Zadlo said. "But if you've got a pretty simple problem with a pretty simple solution, you can have a solution when you come forward. That's why PJM took the unusual step of proposing a solution along with the problem statement."

That said, stakeholders will be free to consider the areas as they see fit, he said.

They are:

- Making the list of generators that cleared in the Reliability Pricing Model available at the close of the auction instead of the start of the delivery year three years later. This potential change concerned stakeholders from Exelon and Dominion Resources, who said the knowledge that a generator did not clear an auction could lead to concern about the future of generators that fail to clear, threatening to disrupt relations with labor unions and vendors.
- Demand response supply in small areas. "We're not talking about dollars. We're not talking about providers," Zadlo said. "We'd just like to be able to [talk about] demand response in an area smaller than a transmission zone."
- Information about concluded generator outages. This would not include planned or maintenance outages. "PJM is not interested in systemic disclosure," he said.
- Confidential data that has been made public elsewhere. Currently, Zadlo said, "Even if everyone in the world knows about it, we can't talk about it."
- Data regarding uplift, in order to encourage informed decision-making.
- To the initial list of five categories, Market Monitor Joe Bowring added for consideration the idea of publishing summary results of the Three Pivotal Supplier test, a measure of market power.



Top 10 generators' share of energy uplift credits (Source: Monitoring Analytics)

Susan Bruce, representing the PJM Industrial Customer Coalition, recommended that some degree of "symmetry" be used as a guideline in addressing each of the areas in order not to unfairly expose one part of the market. For example, she said, "If there is some sort of pullback on some of those areas [such as generator information] and DR moves forward, that would give us concerns over comparable treatment."

PJM Markets and Reliability Committee Briefs

Continued from page 7

The committee later unanimously agreed to disband the FTR/ARR Senior Task Force.

Two-tiered Fee Schedule for Order 1000 Projects OK'd

Members endorsed a two-tiered fee schedule for proposed transmission projects. For greenfield projects or upgrades between $20 million and $100 million, PJM will assess $5,000 to cover its study expenses. Projects costing at least $100 million will be charged $30,000. Previously, a $30,000 fee for all projects greater than $20 million had been approved, but planners later realized they likely wouldn't need to collect that much to cover the costs of reviewing the proposals. (See *PJM Lowers Proposed Tx Project Study Fee*.)

Tweaks to Merchant Network Upgrade Language Approved

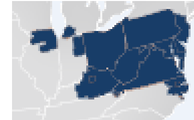
The committee endorsed new tariff language to more accurately reflect how PJM processes requests for merchant network upgrades. The changes address definitions, queue entry, agreements and the capacity market.

Manual 01, 13 Changes Endorsed

Members unanimously approved a significant update and reorganization to Section 5 of Manual 01: Control Center and Data Exchange Requirements, introducing definitions of two major data types: System Control and Monitoring (Instantaneous) and Billing (Accumulated). Changes also update references to OASIS and add requirements regarding synchrophasor data exchange.

The MRC also endorsed amendments to Manual 13: Emergency Operations, including administrative changes, clarifications and updates. The committee added a reference to Manual 12 for member actions when PJM loads 100% synchronized reserves and a reference to the instantaneous reserve check process.

— Suzanne Herel



FERC Orders PJM to Include DR, EE in Transition Auctions

Continued from page 1

pacity Performance requirements and were not necessary for other resources. PJM also said it was concerned about the continuing uncertainty following the D.C. Circuit Court of Appeal's *EPSA* ruling voiding FERC Order 745, which set compensation rules for the resource in RTO energy markets.

FERC said, however, that Tariff provisions barring DR and other non-generation resources from participating in the transition auctions were "unduly discriminatory as applied to technically capable resources willing to perform as a Capacity Performance resource" (ER15-623, EL15-29).

Similarly Situated

"PJM has failed to provide an adequate explanation … as to how non-generation resources are not similarly situated to generation capacity resources for purposes of providing the capacity services PJM plans to procure through the transition auctions," FERC continued.

The commission rejected PJM's argument that participation in the transition auctions should be limited to resources that need to make investments to meet performance and fuel assurance requirements. "The purpose of the transition auctions is to procure a more reliable portfolio of capacity resources, and we see no basis for excluding non-generation resources capable of providing that service from participating," the commission said.

FERC also dismissed PJM's attempt to justify the prohibition on DR on the uncertainty over FERC's jurisdiction. The commission's appeal of the *EPSA* ruling is now pending before the Supreme Court.

The commission noted that it had previously rejected similar arguments as premature. It also observed that DR and EE resources selected in prior auctions are still expected to deliver on their capacity commitments. (See FERC: PJM Demand Response Stopgap Measure 'Premature.')

The commission said PJM must file revisions to Attachment DD of its Tariff to allow all resources that qualify as Capacity Performance to participate in the transition auctions.

In its response to the complainants, PJM offered two alternatives for including DR and EE in the auctions, saying the "less risky" option would be to limit participation to previously cleared resources.

FERC said neither option was sufficient because they would bar participation in the auctions by DR and EE that did not previously submit sell offers for the delivery year.

"PJM's current [Tariff] does not place such restrictions on generation capacity resources, and the commission finds that PJM has failed to support a disparate treatment of other Capacity Performance resources in its proposed alternatives," FERC said.

Dissent

Commissioner Tony Clark dissented, saying the order was improper procedurally because the commission had previously approved "unambiguous" Tariff language barring DR and EE from the auctions.

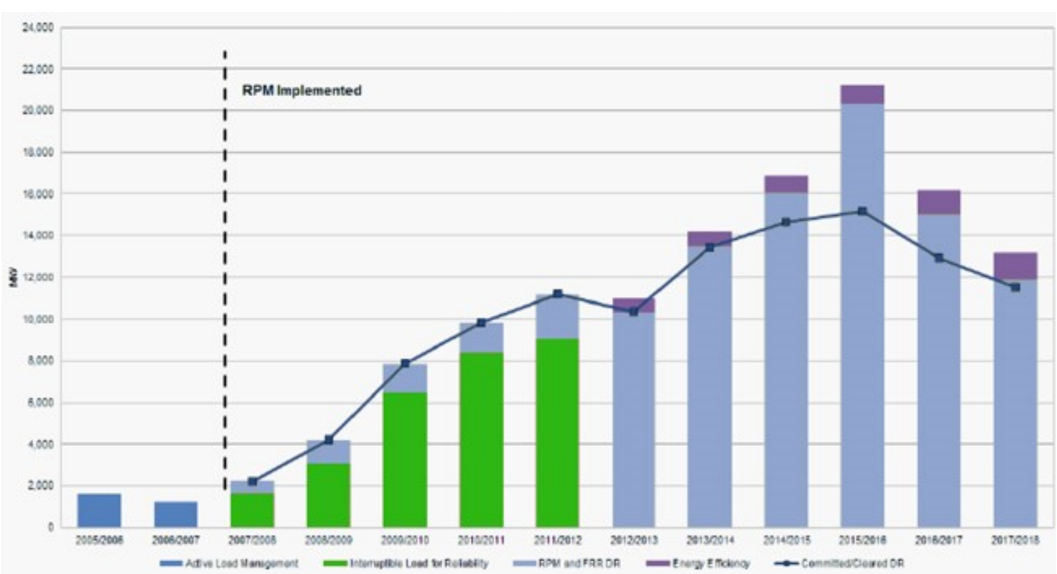
"It is not PJM's burden to now prove that an already agreed on transition incremental auction methodology is just and reasonable," Clark said. "Rather, it is complainants' burden to explain why now, just weeks after the commission's Capacity Performance order and just days before the first transition incremental auction, the plain Tariff reading of Attachment DD, section 5.14D (B)(3) is unjust and unreasonable."

Commissioner Philip Moeller responded in a concurring statement. "While a close reading of PJM's proposed Tariff provisions indicates that non-generation resources would be excluded from participation in the transition auctions, PJM's voluminous filing did not make this fact, or its underlying justification, clear to PJM stakeholders or the commission," Moeller wrote.

"PJM initially represented that its Capacity Performance proposal 'preserves its current approach' to demand response participation, in contrast to its more recent position that it intended to limit non-generation resource participation in the transition auction due to the uncertainty surrounding *EPSA*."

Clark also said he agreed with PJM's call for caution in the handling of DR because of the legal uncertainty.

"Rather than proclaiming, 'damn the torpedoes, full speed ahead!' I would prefer a modest approach whereby we avoid buying ourselves more potential trouble and refrain from actively adding more demand response megawatts into PJM's capacity construct while it faces an uncertain future and possible disorderly 'unwinding.' While the pendency of Order No. 745 is not alone dispositive, it should cause us to proceed more cautiously than we are doing here."

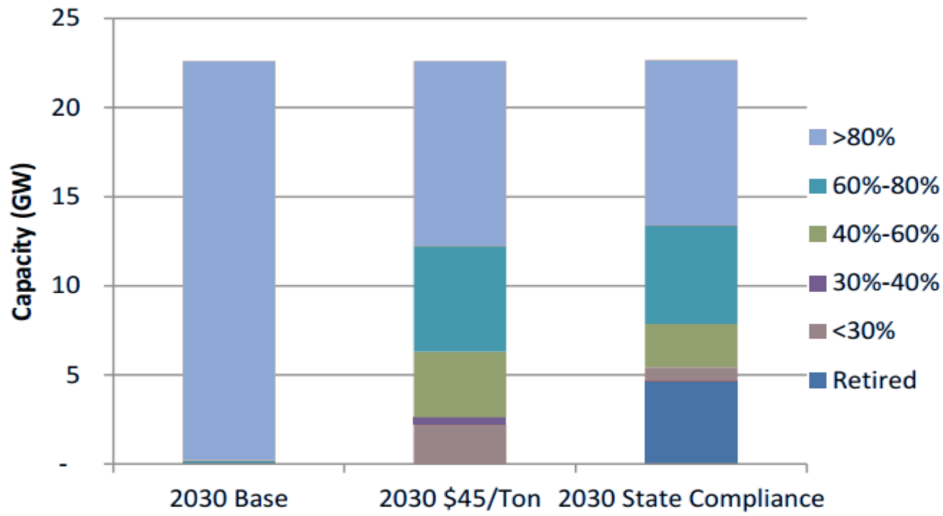


Demand-side participation in capacity market (Source: PJM)

SPP NEWS

SPP: State-by-State Compliance Would Hike Carbon Reduction Costs by 40%

By Tom Kleckner



Coal capacity by capacity factor. (Source: SPP)

SPP's latest analysis of the Environmental Protection Agency's draft Clean Power Plan indicates state-by-state compliance with the plan would result in nearly 40% higher costs than a regional approach.

According to SPP's state-by-state compliance assessment released Monday, meeting the goals outlined in EPA's draft rule would cost an estimated $3.3 billion annually in new generation capital investment and energy production costs. That is $900 million more than the $2.4 billion per year under a regional approach, on which SPP released a report in March. (See *SPP: $45/ton Adder, Wind, Gas Meets EPA Carbon Rule*.)

The assessment analyzed the rule's impact on existing generation and resource-expansion plans. It did not include the cost of new transmission needed to maintain reliability, gas-infrastructure expansion, market-design changes or transmission congestion.

A final version of the rule is expected to be released in August. The draft version proposes reducing U.S. carbon dioxide emissions 30% from 2005 levels by 2030.

More Disruptive

Lanny Nickell, SPP's vice president of engineering, told the RTO's Regional State Committee on Monday that a state-by-state compliance approach would be more expensive to administer than a regional approach. He said a state-by-state solution "would be more disruptive … to the significant reliability and economic value that SPP provides to its members as a regional transmission organization."

State	EPA 2030 Target Rate	SPP 2030 Target Rate
Arkansas	910	1,577
Iowa	1,301	1548
Kansas	1499	1499
Louisiana	883	1656
Missouri	1,544	1,432
Nebraska	1,479	1479
New Mexico	1,048	744
North Dakota	1,783	1,761
Oklahoma	895	969
South Dakota	741	368
Texas	791	1,302
SPP	N/A	1,324

EPA state targets vs. SPP regional targets (CO_2 lbs/MWh) (Source: SPP)

Nickell offered the example of one state taking a physical approach to carbon-reduction and limiting the amount of coal generation in November and December, only to have a neighboring state take a different approach and add renewable generation. That might force the first state to resort to additional coal generation to maintain grid reliability.

"All we look at in our market systems is price," Nickell said. "The price offered into the market in [one state] could force the dispatch of *more* energy than planned elsewhere."

A previous analysis predicted that SPP's Integrated Marketplace, which went online in March 2014, would yield its participants $131 million in annual net savings in its first year. According to the latest report, SPP expects a reduction in the Integrated Marketplace's savings to comply with the rule under any implementation strategy, but a state-by-state approach "would have a much more negative impact."

SPP's analysis was based on EPA's proposed individual state-reduction goals in its draft rulemaking. SPP said its study does not take a position on the appropriateness of those goals or EPA's supporting assumptions.

Apples-to-Apples

SPP's state-by-state approach used the same analysis format as it did with March's regional approach, using a $45/ton carbon-cost adder for an "apples-to-apples" comparison between the two plans. As before, the carbon adder was used as a mechanism to simulate the dispatch of lower carbon-emitting resources.

Coupled with modifications to current resource plans, the report said, that would "indicate the implications of meeting SPP's regional and states' emissions goals by 2030."

The assessment says up to 15.1 GW of generation expected to continue running under current planning assumptions could be at risk of retirement under a state-by-state compliance approach. The study also added 5.5 GW of wind energy and 4 GW of gas-fueled resources above currently planned capacity, which already includes approximately 4 GW of new wind and 22 GW of new gas resources.

However, the assessment did not take into account renewable tax credits, currently being debated in Congress. The Senate Finance Committee last week voted 23-3 to approve extending tax credits for wind energy, along with subsidies for biodiesel and cellulosic ethanol.

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SPP NEWS

Working Group Briefs

Task Force Formed on Z2 Payment Plan

The SPP working group responsible for recommending changes to the RTO's Tariff decided last week to form a task force to consider developing a payment plan for members who face debts as a result of the Z2 credit resettlements.

Westar Energy's Dennis Reed, the Regional Tariff Working Group's chair, said a task force's narrow focus would help determine the best approach for a Z2 resettlement payment plan. The task force will work with SPP staff and report to the RTWG, which will email a request for member participation.

The Z2 project is an effort to design software that would properly credit and bill transmission customers for system upgrades under Tariff attachment Z2. The problem has been trying to avoid over-compensating project sponsors and include a way to "claw back" revenues from members who owe SPP money for other reasons. Accounting for transfers of reservations has also been a challenge. The project is scheduled to be completed in 2016 after years of delay. (See *SPP Z2 Project Team Still Grappling with Problem's Size*.)

The RTWG was briefed on the current estimated cost of creditable upgrades involving generator interconnections, transmission service and sponsored upgrades: $721 million for 142 upgrades, with the costs borne by 68 initial upgrade sponsors. A separate member task force will work with SPP staff to review and verify the results.

Canadian Transactions

The RTWG made slight edits to a Tariff revision request involving future transactions with Canadian utilities.

With the Integrated System's integration into SPP, the RTO will now have interconnections with SaskPower, whose affiliate will become a market participant, and Manitoba Hydro, which has also expressed interest in market participation. Manitoba Hydro requested that SPP develop Tariff language that recognizes the U.S.-Canada border as the point of delivery and point of receipt for transactions involving Canadian entities.

The revision request (TRR 110: Point-of-Delivery and Point-of-Receipt Transactions at the Canadian Border) will provide legal recognition that satisfies federal and provincial requirements and allows Canadian entities to export energy in the U.S. without seeking approval from the U.S. Department of Energy. The revision would set the energy's border point-of-delivery at an interconnection between a transmission provider's facility and the Canadian utility's transmission facility.

Transmission Working Group

Meeting earlier in the week, SPP's Transmission Working Group discussed three potential SPP-MISO interregional projects and whether their construction will create new reliability needs.

The group approved SPP staff's review of system constraints for use in the regional review of the three projects. Staff will identify "least-cost" projects to mitigate any thermal needs, reporting study results back to the working group in August.

The projects include construction of a 345-kV line between Nebraska and Kansas, a series reactor on a 115-kV line in northeast Louisiana and the rebuild of a 138-kV line south from Shreveport to Wallace Lake. They have been recommended for approval in the SPP-MISO Coordinated System Plan study.

The group also approved a flowgate assessment report and reviewed revision requests 67 and 71, Firm Service with Redispatch Clean Up and Revisions to Attachment D and Section 19.2, respectively. The group decided to wait until its next meeting to finalize any recommendations of the two RRs.

— Tom Kleckner

SPP: State-by-State Compliance Would Hike Carbon Reduction Costs by 40%

Continued from page 10

"We did not assume renewable credits would be an option, because we interpreted the draft plan as they wouldn't be allowed," Lanny Nickell said. "Now the final plan may very well allow those credit exchanges over state boundaries."

SPP did use wind as a reasonable abatement measure in both the regional and state-by-state compliance assessments, because of the high wind potential in most SPP states and the desire to maintain a consistent approach for comparisons.

The state-by-state compliance scenario's analysis assumed approximately 4,700 MW of coal retirements incremental to those retirements already planned. SPP said this assumption could be conservative, as its analysis indicates nearly all the region's existing coal-fired generation would operate above an 80% capacity factor in the business-as-usual model, but approximately 13,400 MW of coal-fired generation would operate below an 80% capacity factor after applying the $45/ton carbon-cost adder.

Three Models

The state-by-state assessment used three different models: a business-as-usual (BAU) case, a BAU model with the $45/ton carbon-cost adder, and a third model with a variable cost adder.

Incremental coal retirements were assumed using a tiered approach. The first tier came from additional information gathered in preparation for a 2017 transmission-planning study. Updated projections found an additional 300 MW of coal units expected to be retired by 2030. The next three tiers took an age-based approach, targeting units' ages in 2030: over 60 years, 55-60 years and 50-55 years.

The state-by-state compliance plan is the third study SPP has conducted of the proposed Clean Power Plan. The RTO's first study in October 2014 found that the rule did not allow enough time to build the generation and transmission infrastructure needed to maintain system reliability and avoid severe system overloads that could lead to cascading outages.

AEP's Akins: PUCO Stalling on Income Guarantee Plan

By Ted Caddell

Akins

American Electric Power celebrated increased second-quarter profits last week, but the company said it still needs the Public Utilities Commission of Ohio to approve the so-called "guaranteed rate" plan it and other utilities have asked for to support its generating plants.

The company reported net income of $430 million, up from $390 million for the same quarter last year. CEO Nicholas Akins credited increased industrial load, partly from the oil and gas industries associated with Utica and Marcellus shale fields.

He also noted the approval by the Federal Energy Regulatory Commission of PJM's Capacity Performance proposal and said that despite that commission "throwing a wrench in in the plans for at least a supplemental auction being held next week," the company intends to participate in the delayed Base Residual Auction. (See *FERC Orders PJM to Include DR, EE in Transition Auctions*.)

The auction, he said, "will ultimately help define the forward view of generation value."

"The supplemental auction remains important to our risk-adjusted 2016 performance," he added.

Akins said the pending decision on guaranteed income in Ohio, in which PUCO would set rates for its generating plants to secure the future of those stations, is crucial to the company.

"We would not have presented the [power purchase agreement] option through the commission if we did not think it was important," he said. "It's about volatility of electric pricing — particularly in extreme heat or extreme cold — that impacts all customers' pocketbooks.

"Continual delays are not the answer. It's time for the PUCO to do the right thing," he said. "It's important for Ohio and its energy policy, Ohio jobs, taxes, economic development, and in fact, the future of the generation business in Ohio."

AEP has been joined by Duke Energy and FirstEnergy is asking for income guarantees for certain of its plants. AEP had another, smaller-scale plan before PUCO that was denied. But the commission has not yet ruled on any of the other requests before it.

In May, new PUCO Chairman Andre Porter said a decision was several months out. "My focus is to ensure that we do whatever is best for Ohio," Porter said. "Our state will be most successful, in my view, with a commission that confronts the biggest challengers."

But Akins said a ruling from PUCO is critical for all involved, and he expressed frustration at the delay. "It just looks like it is some continued delay really," he told one analyst during the conference call. "We don't seem to be getting answers or schedules or the things we need to be able to get the answers we're looking for. They seem to be putting some of the decisions further out into the future."

Critics, including consumer advocates and environmentalists, say that AEP's plan undermines Ohio's status as a deregulated state.

"In a situation like this, when a utility is buying power from an affiliate, you have to assume that the fix is in," Rob Kelter, senior attorney for the Environmental Law and Policy Center, told *The Columbus Dispatch*.

Company Briefs

OPPD's Fort Calhoun Plant Offline with Water-Pump Leak

The Omaha Public Power District's Fort Calhoun Station nuclear plant was taken offline July 20 to repair a water leak on one of its four reactor coolant pumps. The outage's duration will depend on the extent of the required repairs.

An OPPD press release said the outage's timing was coordinated with SPP to ensure grid reliability and said any additional energy to meet customer needs will be purchased through the grid.

Fort Calhoun is a single unit plant 20 miles north of Omaha, Neb., producing 479 MW of power. The plant returned to full power June 15 following a two-month refueling outage.

More: *Omaha World-Herald*

Cleco Gets FERC Approval For Acquisition by Macquarie

Louisiana-based energy company Cleco announced last week it had received approval from the Federal Energy Regulatory Commission for its proposed acquisition by a consortium of investors headed by Macquarie Infrastructure and Real Assets.

Cleco, parent company of Louisiana utility Cleco Power entered into a definitive agreement to be acquired by the investor group last October. The agreement valued Cleco at roughly $4.7 billion, including about $1.3 billion of assumed debt. The acquisition is expected to close in the second half of 2015, subject to approval by the Louisiana Public Service Commission.

In addition to Macquarie, the investor group includes British Columbia Investment Management, John Hancock Financial and other infrastructure investors.

More: *Zacks.com*; *Cleco*

Pepco Slowest Utility in US To Connect Solar Projects

A report by EQ Research shows that Pepco is the slowest utility in the United States when it comes to connecting solar projects to the grid.

The report, sponsored by the solar industry, showed that the Washington, D.C., utility takes an average of 76 days to connect solar projects in Maryland and an average of 51 days in D.C. Pepco said the long time is necessary to protect the grid, but just to the north, Baltimore Gas & Electric takes an average of 15 days. BG&E is owned by Exelon, which has proposed to acquire Pepco's parent company.

The report shows that Eversource in Connecticut has the fastest connect time: Five days. The national average is 25 days.

More: *Greentech Media*; *The Washington Post*

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COMPANY BRIEFS

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Iowa Co-op to Start Charging $85 'Facilities Fee' for Solar Customers

Pella Cooperative Electric, a 3,000-member electric co-op in Iowa, notified members that it is tripling a fixed charge on its bills for solar and other self-generating members, from $27.50 a month to $85.

"I think it is unlawful, and I think it's outrageous compared to any other RECs (rural electric cooperatives) that I know of," one member said. That member, Mike Lubberden, was contemplating installing solar panels but said he is now canceling those plans. The fee seems to be one of the highest in the Midwest, according to a policy analyst with The Alliance for Solar Choice.

John Smith, Pella's CEO, said the co-op decided on the increase after conducting a cost-of-service study. He said the study found that members who generate some or all of their energy – there are only 12 in the co-op – aren't paying their fair share of the cost to maintain the system. Smith, however, declined a request to show the study to Midwest Energy News. The co-op is giving current customer-generators five years before they have to pay the higher fee.

More: *Midwest Energy News*

Caroline Dorsa, PSEG's CFO, to Retire in 4th Quarter

Dorsa

Caroline Dorsa, CFO of Public Service Enterprise Group since 2009, will retire in the fourth quarter.

"Caroline has been an invaluable partner to me and an asset to PSEG, both as a board member and CFO," Ralph Izzo, chairman, CEO and president, said in statement. "She improved our financial discipline and helped us establish one of the strongest balance sheets in the industry."

PSEG is currently seeking a replacement for Dorsa. The company is the parent of Public Service Electric & Gas, New Jersey's largest utility.

More: *NJBiz*

DTE Planning on Solar Facility in Cemetery

DTE Energy is planning to build a solar array in a cemetery in Ypsilanti, Mich.

A cemetery spokesman said the solar array would be in a lower section of the property and shouldn't be able to be seen from the other parts of the cemetery. "I think that it's going to be respectful, and the revenue will allow us to work on the history assets in the cemetery," said Barry LaRue, Highland Cemetery board member.

The array will generate about 800 KW on a plot of ground 150 feet by 1,000 feet. The city estimates the facility will also generate about $38,000 a year in tax revenue. DTE will pay the city a one-time $35,000 utility fee as well as a $33,800 a year to lease the property. The Highland Cemetery and the city will split the lease money 75-25.

More: *MLive*

Dominion Virginia Power Seeking Bids for Solar

Dominion Virginia Power announced it is seeking bids for up to 20 MW of new solar capacity. The company said it is taking proposals for solar facilities between 1 to 20 MW that will be operational in the next two years.

It said it would announce the results of the solicitation in the fourth quarter.

More: *Associated Press*

Hawaii's Gov. Opposes NextEra Takeover of Hawaiian Electric

Ige

Hawaii Gov. David Ige is opposed to NextEra Energy's proposed $4.3 billion acquisition of Hawaiian Electric and said he will recommend that the Hawaii Public Utilities Commission nix the deal.

Ige, who recently signed a law that mandates that the state switch to 100% renewables by 2045, said he didn't think the Florida-based company was the one to help the state reach that goal.

"We are committed to a 100% renewable future, standing alone among the 50 states in the nation in that action," he said. "We need an electric company that sees Hawaii as the center of its work and the opportunity we represent as one of the greatest moments in history for any utility. We have not seen that in this proposal."

More: *Honolulu Star-Advertiser*

Minnesota Co-op Opens Ethanol Plant in North Dakota

Minnesota electric cooperative Great River Energy has opened the first new ethanol plant to go into operation in the U.S. in five years.

The Dakota Spirit AgEnergy ethanol plant is located next to a coal-fired generating plant the company owns near Jamestown, N.D. The ethanol plant, 78% of which is owned by the co-op, will produce 65 million gallons of denatured alcohol a year.

"We have found a way by co-locating with industry to generate power more efficiently and with less environmental impact than an ethanol plant by itself or a power plant by itself," said Greg Ridderbusch, Great River vice president.

More: *Star Tribune*

Dominion Latest Utility to Use Drones for Line Inspections

Dominion Virginia Power will soon use small aerial drones to inspect its transmission lines, the company said. Several other utilities, including Southern Co., are also using drones for line inspections.

The drone flights, due to take off next month, come after a year of testing at the company's Chester, Va., training facility. Steve Eisenrauch, a company manager, said the drones will first be used for routine line inspections, but he said they could eventually be employed as damage assessment tools after storms. "When you look at a drone in the air versus a helicopter, we look at that as a safety gain for Dominion," he said.

The company is contracting with several private companies to provide the drones and piloting services. Each drone will be controlled by a two-person team and fly no higher than 200 feet.

More: *Richmond Times-Dispatch*

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Company Briefs

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Vermont Changing Way It Gives Out Yankee Decom Funds

Vermont officials are changing the way they disburse $10 million in economic development funds provided by Entergy as part of the decommissioning plan for the Vermont Yankee nuclear station.

Entergy promised $2 million each year for five years as a way of cushioning the blow on communities from the plant's closure. Secretary Patricia Moulton of the Agency of Commerce and Community Development said only $814,000 of the available $2 million was awarded last year to five of 26 groups that applied for funds.

"We realized the first time around we wanted to be more versatile," Moulton said. This year, $3.2 million will be available.

More: *Associated Press*

SNC-Lavalin Picked to Head up PSEG's Keys Energy Center Project

Public Service Enterprise Group selected Canadian firm SNC-Lavalin to provide engineering, procurement and construction services for its Keys Energy Center in Prince George's County, Md. PSEG recently acquired the 755-MW combined-cycle plant construction project from Genesis Power.

This is the third such project SNC-Lavalin has undertaken in the United States. The plant is scheduled to be completed in 2018.

More: *Power-Technology.com*

SunPower to Build 100-MW Solar Plant for NV Energy

SunPower has signed a 20-year power purchase agreement with NV Energy in Nevada to build a 100-MW solar plant in Boulder City, Nev. The plant will be the fourth it has built in Nevada, including two at Nellis Air Force Base and a 20-MW plant in Lyon County.

"Today, power generated from solar plants is cost-competitive with power from traditional, fossil fuel burning plants – and becoming more cost-competitive every day," said Tom Werner, SunPower CEO and president. "Increasingly, utilities are adding solar to their energy mix to ensure their customers are taking advantage of the reliable and emission-free power of the sun.

The new plant is expected to be completed in 2016.

More: *CleanTechnica*

Third Party will Lead MISO Stakeholder Redesign Sessions

MISO has firmed up the schedule for its stakeholder process redesign initiative, with the first of four workshops scheduled for Aug. 5 at its Carmel, Ind., headquarters.

Michelle Bloodworth, MISO's executive director, said the meeting will be led by an independent facilitator who will share results of a stakeholder survey and engage participants in more discussions about redesign issues. MISO has not yet identified the facilitator.

Later, a smaller group consisting of up to two representatives from each of the 10 sectors will convene to reach a consensus on guiding principles and priorities and initial set of recommendations, Bloodworth told the MISO Advisory Committee last week.

There are no plans to change MISO's tariff, but rather to streamline current stakeholder processes that at times have become duplicative and cumbersome. The Organization of MISO States, which represents state utility regulators, has been working with MISO on the stakeholder redesign initiative.

More: *MISO*

NRG Embraces Distributed Gen with Home 'Lab'

Killinger

While some utilities fear a "death spiral" from distributed generation, NRG Energy is taking an "if you can't beat 'em, join 'em" strategy.

In Houston, NRG is preparing for solar power and other distributed generation by using a house near downtown as a lab to test new products. The home features portable solar panels, rooftop water heaters and batteries.

"Sure, we might sell less power, but at the end of the day the customer is going to use less anyway," NRG Retail President Elizabeth Killinger said. "Someone's going to help them."

NRG CEO David Crane warned investors last year the day was coming when homeowners and businesses would generate "most of the electricity they consume on the premises."

More: *The Dallas Morning News*

Federal Briefs

Jeb Bush Calls for End To Fed, State Energy Subsidies

Former Florida Gov. Jeb Bush told a crowd in New Hampshire that the United States should discontinue tax credits that have subsidized the growth of the wind and solar industries. And in what many could see as a break from his family's oil-industry roots, he also advocated cutting oil and gas industry subsidies.

"I don't think we should pick winners and losers," said the Republican presidential candidate. "I think tax reform ought to be to lower the rates as far as you can and eliminate as many of these subsidies — all of the things that impede the ability for a more dynamic way to get where we need to get."

Ben Schreiber, of Friends of the Earth Action, agrees that it is time to cut oil and gas subsidies, but he thinks tax breaks for renewable energy should stay in place. "We cannot suddenly decide that renewables can compete fairly after decades of taxpayer support privileging polluters," he said.

More: *The New York Times*

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FEDERAL BRIEFS

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Clean Power Plan Could Result in Lower Bills

Consumers in states that focus on carbon-free generation and energy efficiency to comply with the Clean Power Plan could see significant cost savings, according to a study by Synapse Energy Economics. The consultant estimated that residential consumers could see bills averaging $35 a month lower by 2030, according to the study.

The study shows savings greater than the Environmental Protection Agency estimates and counters those that predict the carbon-emissions mandates will increase energy costs. The U.S. Chamber of Commerce, for instance, said some states could see energy costs increase about $200 a year per family after the Clean Power Plan is adopted.

The report also predicted that compliance with the rule would reduce carbon emissions by 58% by 2030, nearly twice the reductions mandated.

More: *The Hill*

Mass. Senate President Asks FERC For More Public Review on Pipeline

Rosenberg

Massachusetts Senate President Stan Rosenberg, a Democrat from Amherst, thinks the public needs more time to review the Tennessee Gas Pipeline's $3.3 billion natural gas pipeline proposal and he has asked the Federal Energy Regulatory Commission to postpone a scoping hearing.

Rosenberg joined other pipeline opponents in trying to postpone the meetings. The meetings are a step in an approval process that would allow the Kinder Morgan subsidiary to build the pipeline across northwestern Massachusetts, New Hampshire and terminating in Dracut, Mass. If the pipeline is approved, it would be allowed to obtain rights of way by eminent domain, bypass some building regulations and cross environmentally protected areas.

Several opposition groups have already tried, and failed, to get FERC to delay the process.

More: *MassLive*

FERC: 128 MW of Biomass Generation Added This Year

The Federal Energy Regulatory Commission's Office of Energy Projects reported that biomass-fueled projects generating 128 MW have been added to the U.S. portfolio in the first six months of 2015.

Seven projects, including a 95 MW waste-to-energy project in Palm Beach, Florida, were added to the country's generation fleet. That compares to a total of 137 MW of biomass projects in all of 2014. Biomass projects typically use wood as a fuel.

More: *BioMass Magazine*

NRC Closes Inspector's Office At Vermont Yankee Plant

The Nuclear Regulatory Commission has closed its resident inspector's office at Entergy's Vermont Yankee nuclear generating station, which retired in December and is undergoing decommissioning. The NRC has had a resident inspector at the site since the Resident Inspector program was launched.

The regulatory agency will continue to conduct periodic inspections at the plant, however. And when a major decommissioning work is undertaken, such as spent-fuel removal, an on-site inspector will be on hand.

More: *Brattleboro Reformer*

Exelon's Byron, Braidwood Stations Pass License Renewal Steps

The Nuclear Regulatory Commission says there are no environmental reasons to deny operating license renewals to Exelon Nuclear's Byron Generating Station. A week ago, the NRC said there were no technical reasons to deny a similar extension for the company's Braidwood Generating Station.

Exelon is seeking 20-year license extensions for both plants. If approved, Byron Unit 1 would receive a license good through Oct. 31, 2044, and Unit 2 would be good until Nov. 6, 2046.

More: *Nuclear Street*

Judge Orders Feds to Pay $20.6M to Entergy on Waste Issue

A federal claims judge in New York denied a U.S. government motion to appeal an order requiring it to pay $20.6 million to Entergy Nuclear Palisades for failing to meet its responsibility to dispose of the plant's radioactive waste.

Judge Nancy Firestone of the U.S. Court of Federal Claims granted Entergy's request for partial judgement of $20.6 million of a total damage claim of $36.4 million. She ruled the government had a duty to pick up and dispose of the plant's spent fuel under a 1983 contract and never fulfilled it. Government attorneys didn't dispute the breach of contract, but they argued that the amount should be determined during the upcoming trial in December.

"Because the government has already agreed that it owes plaintiff approximately $20.6 million in damages, the outcome of the remaining portion of the litigation will not have any effect on the government's obligation to pay that amount," Firestone wrote. The government has been unable to live up to any agreements to dispose of spent nuclear fuel because it has been unable to build a spent-fuel repository.

More: *Law360 (subscription required)*

BOEM Offering 22 Million Offshore Acres to Energy Exploration

The Bureau of Ocean Energy Management scheduled an auction for Aug. 19 on oil and gas leases on about 21.9 million acres in the Gulf of Mexico off Texas. The auction will include all available unleased areas in the Western Gulf of Mexico Planning Area.

The area is divided into 4,038 blocks, from nine to 250 nautical miles offshore, according to Abigail Ross Hopper, bureau director. She said the water depths of the areas range from 16 feet to more than 10,975 feet.

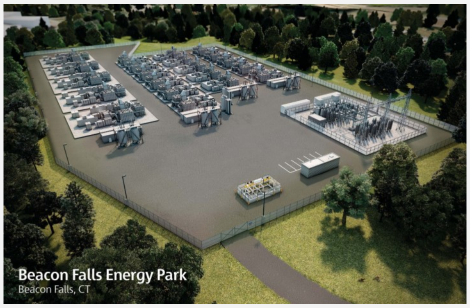
It will be the eighth sale in BOEM's current five-year program. The first seven auctions generated nearly $2.9 billion in revenue for the federal government.

More: *WorldOil.com*

STATE BRIEFS

CONNECTICUT

Fuel-Cell Plant Headed to Siting Council



A principal in the Middletown company that wants to build a 63.3-MW fuel-cell power plant in Beacon Falls says the project's plan will be submitted to the Connecticut Siting Council by the end of month.

The Beacon Falls Energy Park, which was announced in May, will be built on part of 24-acre site near Lopus Road west of the Naugatuck River. The council will have 180 days to rule on the application.

The companies developing the plant have said the project will yield up to $90 million in local property and state sales taxes over the plant's 20-year life. The Beacon Falls Energy Park will produce enough electricity to power more than 60,000 homes.

More: *New Haven Register*

DELAWARE

EV Outlets at the Outlets for Beachgoers

Beachgoers can now charge their electric cars at three Tanger Outlets locations in Rehoboth Beach. Each of the outlet stores offers four charging stations. Situated between several parking spaces, they can charge eight vehicles at once.

The charging stations are Level 1, which can provide 4 ½ miles' worth of juice for a Nissan Leaf in an hour.

The Delaware outlets are among 23 Tanger locations nationwide providing the charging stations as part of the company's effort to go green. It's also looking into installing solar panels at its Rehoboth Beach locations.

More: *Delaware Public Media*

KANSAS

Report: Kansas Governor Asks Westar Exec for Cash


Brownback

Kansas Gov. Sam Brownback's campaign approached a Westar Energy official for cash earlier this month as part of an effort to pay down its debt. *The Topeka Capital-Journal* obtained documents that show a Brownback campaign operative contacted Westar Energy executive Mark Schreiber two weeks ago seeking help retiring debt left over from the governor's re-election campaign last year.

The Kansas Corporation Commission is set to rule this fall on a $152 million rate request from Westar. The KCC is made up of three commissioners who are appointed by the governor and confirmed by the state Senate. If the request is approved, about $93 million would be raised from residential customers, amounting to a 12.1% increase.

Asked about the campaign's decision to approach the Westar official, a governor's spokeswoman said his office "does not influence the operations or decision-making process of the Kansas Corporation Commission, which is an independent commission."

More: *The Topeka Capital-Journal*

Environmental Groups Allowed To Intervene in Westar Case

The Kansas Corporation Commission ruled last week that a variety of solar and environmental interest groups can intervene in a limited capacity in Westar Energy's pending rate case before the commission. The KCC held two hearings last week to gather public input on Westar's proposed $152 million rate-increase request.

At issue is Westar's proposal to create three new optional service plans. The plans shift more of each monthly electric bill to fixed charges, increasing from $12 per month to $27 per month by 2019, and reducing volumetric charges based on consumption. The proposal prohibits renewable energy users from participating in at least one of the options, resulting in higher base rates while limiting the ability to lower the bills through conservation.

Westar said solar power activists, including some from out of state, are misrepresenting the utility's "common-sense approach to renewable energy."

More: *The Hutchinson News*

MAINE

Texas Company to Build New England's Largest Wind Farm

EDP Renewables North America has filed an application with the Maine Department of Environmental Protection to build New England's largest wind farm, able to power about 70,000 homes. The 250 MW Number Nine wind farm in Aroostook County would be located near the Canadian border.

The Texas company is proposing to erect up to 119 turbines rated at between 2 and 2.1 MW. The cost of the project is $613 million. EDP has been working on the project for at least two years.

The project would also include a 50-mile transmission line to connect the wind farm to the ISO-NE power grid. In January, Central Maine Power and Emera agreed to allow EDP to use a portion of a key transmission corridor known as the Bridal Path, between Houlton and Haynesville in Aroostook County, to connect its wind farm to the grid.

More: *Portland Press Herald*

Town Drafting Solar Regulations

Winslow is set to begin drafting regulations that could pave the way for a solar farm potentially 20 times bigger than the largest current solar facility.

Ranger Solar, a private Yarmouth-based energy firm, is contemplating siting a 10- to 20-MW solar project estimated to cost as much as $25 million and take up as much as

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100 acres. Winslow would be the first municipality in the state to create a utility-scale solar ordinance that would create standards for such projects, according to town officials.

The ordinance has to be in place by October so Ranger can take advantage of federal tax credits. The program provides a 30% federal income tax credit for commercial or residential solar systems, which will decrease to 10% after 2016.

More: Portland Press Herald

MARYLAND

Pepco Fights Back Against Motion to Stay Merger OK

Pepco Holdings Inc. says that a motion to stay the state's approval of its merger with Exelon is without merit.

The motion was filed July 21 by the state Office of People's Counsel in the Circuit Court for Queen Anne's County. In addition to requesting a stay of the Public Service Commission's decision, the People's Counsel asked to present additional evidence regarding an alleged conflict of interest of former Commissioner Kelly Speakes-Backman, who took a $200,000/year job with an industry-backed nonprofit three days after the vote.

The merger still needs the approval of the D.C., which is set to make a decision next month.

More: StreetInsider.com

MASSACHUSETTS

Largest Solar Usage Per Capita Eyed

With the opening of a 3.56-MW solar installation built over a capped landfill, North Adams will become the largest per capita solar city in Massachusetts, according to Mayor Richard Alcombright. The town, which also has a power-purchase agreement to buy electricity generated by two other solar installations, says the reduction in dependence on fossil fuel-produced power will save the community more than $300,000 a year.

The solar farm at the landfill consists of about 7,000 solar panels covering about 13 acres. It is producing at 65% of its capacity because the National Grid substation in Adams isn't equipped to handle all its output. The utility company is upgrading the substation, Alcombright said.

The city is contemplating building another 1-MW project, but officials say it will wait until net metering caps are lifted by the state.

More: Berkshire Eagle

MISSOURI

Ameren Energy Efficiency Hearings Begin Before PSC

The Public Service Commission began hearings last week on a new energy efficiency plan to replace Ameren Missouri's three-year-old program, which expires at the end of 2015. The PSC is weighing two competing designs that have split environmental groups and state government officials.

State law allows utilities to bill customers to recoup the costs of the efficiency programs and sales lost due to energy savings, but it doesn't require utilities to participate. Ameren has indicated it does not like how the public counsel and the PSC staff want to structure the program. The state's utility customer advocate told regulators eliminating energy efficiency rebates for Ameren customers would be better than adopting the utility's new efficiency plan.

The Natural Resources Defense Council, which has been a critic of what it said were low savings targets in the utility's prior proposal, is now backing Ameren's plan. Other environmental groups have sided with PSC staff and public counsel.

More: St. Louis Post-Dispatch

MONTANA

Rate Hike Would Cover Upgrades That May Have Been Unneeded

Montana Dakota Utilities spent hundreds of millions of dollars on environmental upgrades at plants to comply with federal emissions standards that are now being challenged. If the federal Mercury Air Toxic Standards, or MATS, is successfully challenged, it might mean that the utility's improvements were unnecessary.

MDU has applied for a 21% rate increase to pay for the upgrades. Residential bills may rise $178 a year to cover the pollution controls. But the utility says the upgrades, which cost about $348 million for one plant alone, were mandated to meet the mercury standards, which are still in force. "The rule is still in effect," MDU Spokesman Mark Hanson said. "We still have a deadline to meet. It's tough to run your business when you don't know what the rules are."

The Montana Public Service Commission has not yet granted the increase. "Twenty-one percent is a large increase, and it's very rare to see an increase from our large utilities that's in the double digits," Commissioner Travis Kavulla said.

More: Billings Gazette

NEBRASKA

Nebraska's Wind Energy Catching Up with Other States

Timothy Texel, executive director and general counsel of the Nebraska Power Review Board, says the state had only three wind turbines generating 2 MW of power when he first joined the regulatory body in 1998. Speaking to the Grand Island Rotary Club last week, Texel said Nebraska now has 475 wind turbines capable of generating 801 MW at 16 separate wind farms.

"We have more wind turbines than people think, but they're mostly in remote location where people never see them," he said. Texel said recent regulatory changes have allowed private entities to build "energy export facilities" that can generate power for utilities in other states. He said the expense of building transmission lines is an issue — only one such line has been built since 2010 — but SPP's cost-allocation process could lead to power being exported through the RTO.

More: The Grand Island Independent

Lincoln Wind Project Gets Ok from County Board

The Logan County Board approved a $400 million wind project after the owners made changes to address earlier board concerns.

The Meridien Project, an 81-turbine wind farm, is being built by Relight U.S. The board deadlocked 6-6 when it voted on the project initially. The new plan addresses noise levels, increases setback distances, pays out

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more money for community projects and sets up a decommissioning plan. The board voted 8-4 to approve it this time.

The project has been in the planning stages since 2007. One board member said she hoped the latest vote would allow all residents to move forward. "I would encourage everyone on both sides to really put the differences behind and to move forward and not let this have a long time of festering, because that would be a negative for the entire community," she said.

More: *Pantagraph*

NEW HAMPSHIRE

Renewables Fund Going Broke

The New Hampshire Public Utilities Commission announced that the Renewable Energy Fund is running out of money, and the state has put a freeze on new applications for solar, biomass and other renewable subsidies.

The fund had only collected $4.3 million in 2014 to pay for 2015 projects. Adding to the stress on the fund was a decision by legislative budget writers to raid the fund for $2.2 million over the next two years to make up the amount the now closed Vermont Yankee nuclear plant paid to finance the state Department of Homeland Security.

More: *New Hampshire Union Leader*

NEW JERSEY

Regulators Investigate Utility Storm Response

The state Board of Public Utilities is continuing to review utility response to a June 23 storm that left more than 400,000 residents without power.

The "macroburst" thunderstorms brought winds of up to 85 mph in Gloucester and Camden counties, hitting customers of Atlantic City Electric hardest and causing extensive damage to the utility's infrastructure, according to the BPU.

The company reported that 17 transmission circuits and five substations were knocked out of service. The utility, owned by Pepco Holdings, had to replace transmission towers and distribution poles and rebuild thousands of feet of cable. For at least twelve hours after the storm hit, ACE was forced to revert to radios and manual processes to dispatch crews, as its mobile-data terminals failed.

More: *NJSpotlight*

NEW YORK

Report Faults LIPA Reform Act

New York's top fiscal officer criticized Gov. Andrew M. Cuomo's 2013 LIPA Reform Act in a report that says the law has left customers facing higher electric bills, increasing debt and less transparency from the utility.

State Comptroller Thomas DiNapoli raised questions about provisions in the law and PSEG Long Island's contract to manage the distribution company, which stripped away mechanisms for oversight of the utility even as it created a new oversight agency — the Long Island office of the state Department of Public Service.

DiNapoli's report found that LIPA customers now are facing higher bills "with new categories of charges as well as a proposed three-year rate increase, and bearing a debt burden that is projected to increase" to $8.3 billion by 2018. The report notes that the proposed 3.2% three-year rate hike by PSEG and LIPA "represents the largest rate increase LIPA ratepayers have faced" since LIPA took over from LILCO in 1998.

More: *Newsday*

NYISO Board Approves Comprehensive Reliability Plan

The NYISO Board of Directors has approved the 2014 Comprehensive Reliability Plan for New York's bulk power system. The plan concludes that the system will meet all applicable reliability criteria under expected system conditions during the study period (2015-2024), and confirms that the reliability needs initially identified in the 2014 Reliability Needs Assessment are being resolved. (See *NYISO: Reliability Concerns Raised Last Year Resolved.*)

"The NYISO's comprehensive planning process works in conjunction with our markets that are designed to send price signals for entry of resources that sustain and enhance reliability," NYISO President and CEO Stephen G. Whitley said in a statement. "The new capacity zone in the Lower Hudson Valley played a critical role in motivating suppliers to maintain existing resources and install new resources needed for system reliability."

More: *NYISO*

NYPA Driving Economic Force

The New York Power Authority is playing a growing role in the Buffalo Niagara region's economic development. The Power Authority is providing most of the $5 million funding for the 43North business plan competition, which announced recently it had attracted more than 3,000 qualified entrants.

Similar initiatives, some stemming from the agency's 2007 relicensing agreement for the Niagara Power Project, have helped fund the Canalside project and subsidize dozens of local businesses through allocations of low-cost hydropower from the Lewiston plant.

"Think of it as a dividend," Gil C. Quiniones, the Power Authority's president and CEO, said during a meeting with editors and reporters of The Buffalo News.

More: *Buffalo News*

NORTH CAROLINA

Target Plans to Build 27 Solar Projects on Stores

Target filed an application to install solar arrays on eight more stores in North Carolina, bringing its total to 27 rooftop solar projects in the state.

According to filings with the North Carolina Utilities Commission, Target plans to invest about $22 million to complete the installations.

More: *Charlotte Business Journal*

NORTH DAKOTA

Pipeline Company Changes Route To Reduce Environmental Impact

The North Dakota Public Service Commission has approved 29 changes to a crude-oil pipeline route to reduce possible environmental impacts.

Sacagawea Pipeline Co. applied in March for approval of a 16-inch crude-oil pipeline that

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would run from McKenzie County to a rail terminal in Montrail County. Part of the $100 million pipeline will cross Lake Sakakawea. The company appeared before the commission last week to file for the changes, which it said were designed to minimize any environmental impacts.

The pipeline has a maximum capacity of 200,000 barrels a day.

More: *Dickinson Press*

PENNSYLVANIA

Ethane Plant Would Produce Its Own Electricity

A Shell Chemicals ethane plant proposed for Western Pennsylvania would generate all of its own electricity – more than 100 MW – and then some.

The plant, proposed for Beaver County, would use natural gas-fired cogeneration on-site to create steam and electricity, with any excess power to be sold for use on the regional grid.

Shell, which paid $13.5 million for the former zinc smelting site, has not confirmed it will build the multi-billion-dollar facility.

More: *Associated Press*

TEXAS

Entergy Texas Withdraws From Union Power Deal

Entergy Texas has filed a motion with the Public Utility Commission of Texas to dismiss the company's application to purchase one of the four 495-MW generating units at the Union Power Station in southern Arkansas. The motion, if approved, would allow the unit to instead be acquired by Entergy New Orleans for $237 million, subject to the New Orleans City Council's approval. The purchase is expected to close later this year.

Union Power is a 1,980-MW generating facility consisting of four combined-cycle natural gas-fired generating units. Under the original agreement, Entergy New Orleans agreed to buy 20% of the power generated by the two natural gas-fired units purchased by Entergy Gulf States. The company will purchase one of the Union Power Station units in lieu of the purchased power agreement. Entergy Gulf States will still purchase two of the generating unit and Entergy Arkansas will buy the remaining unit.

While New Orleans Entergy customers will now absorb a larger share of the purchase's cost, Entergy New Orleans President and CEO Charles Rice said the deal "is an ideal way" to meet the city's need for additional generation at "half the cost of building a comparable new unit."

More: *The Times-Picayune*

MANITOBA

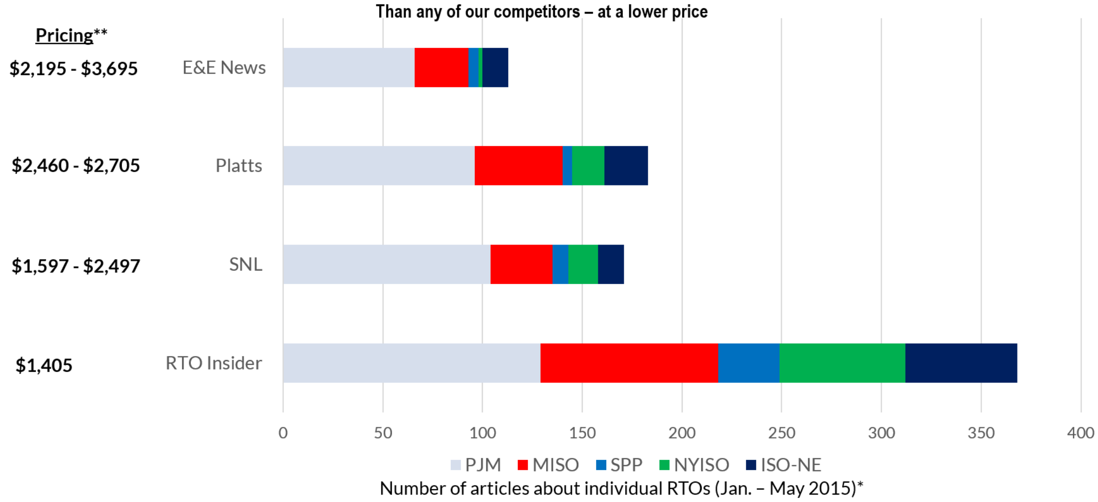
Manitoba Hydro Granted 4% Rate Hike by PUB

The Public Utilities Board granted Manitoba Hydro a rate increase of nearly 4%, a large part of which will go toward paying for its Bipole III transmission project. The 3.95% rate increase goes into effect Aug. 1.

Bipole III is a $4.6 billion transmission line project designed to deliver power from northern generating stations to southern Manitoba and for export to the United States.

Manitoba Hydro said it is on track to spend about $20 billion over the next 10 years on system improvements, including the Bipole III project. The utility said it would need to increase rates nearly 42% over the next 10 years to finance the improvements.

More: *Metro News*; *Winnipeg Sun*



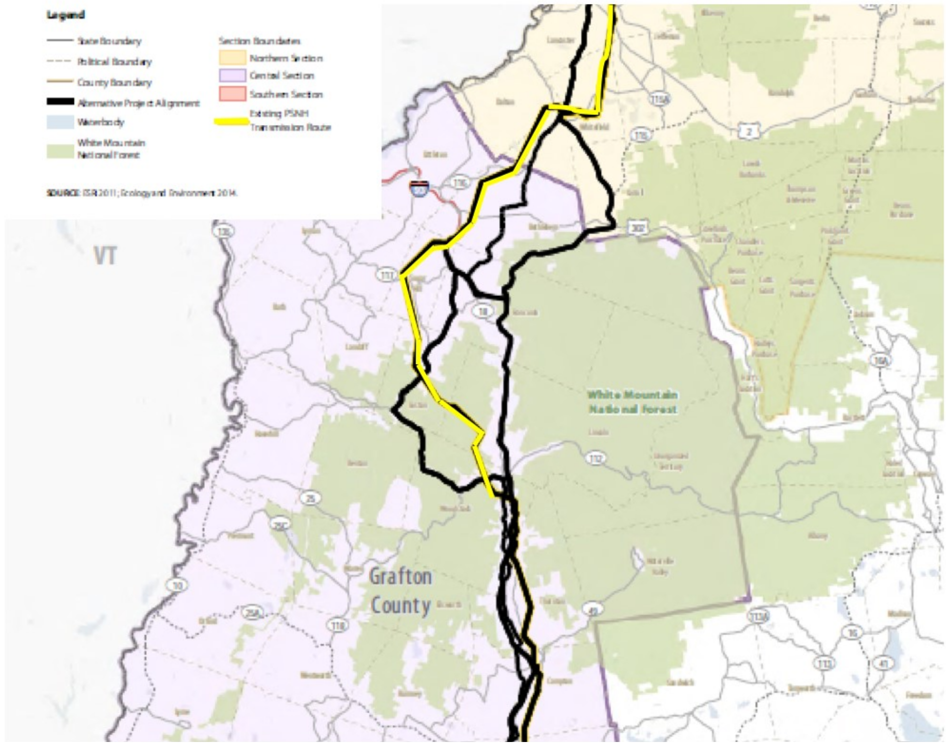
Price Tag Likely to Rise for Northern Pass Transmission Line

Continued from page 1

new, 40-mile right of way measuring 150 feet wide. Identified as Alternative 2, the route "would impose the greatest environmental impacts as compared to the other action alternatives primarily because of visual impacts, vegetation removal and ground disturbance required," according to the department.

It "would also have the least cost of construction (approximately $1.06 billion)." The department also said it would cost an additional $564.1 million in "economic impacts from construction."

Only 8 miles of the northernmost section would be buried under the cheapest scenario, but the developer appeared to leave open the possibility that more of the route could be laid underground, saying it is reviewing the reaction to the document and giving "further consideration" of the "potential view impacts related to overhead lines."



(Source: Department of Energy)

"These and other conclusions in the DEIS will help inform our forthcoming proposal to the state of New Hampshire's Site Evaluation Committee," Northern Pass Transmission, an Eversource Energy subsidiary, said in a statement. "As we've stated, we plan to propose a new, balanced plan in the near future that incorporates the feedback we've heard in discussions across the state and will address those concerns while providing substantial economic benefits to New Hampshire."

William Hinkle, a spokesperson for Gov. Maggie Hassan, reiterated her opposition to Alternative 2, saying "the project must fully investigate burying more sections of the lines."

"She will continue to encourage the company to listen to the concerns of Granite Staters, and if it is going to move forward, propose something that ensures lower costs for New Hampshire ratepayers and that protects our scenic views and beautiful natural resources, which are critical to our economy," Hinkle said.

Environmental advocates, outdoorsmen and elements of the tourism industry have lobbied for burial of the entire route — the most expensive alternative.

"The Department of Energy's alternatives analysis provides strong evidence that the overhead transmission line proposed by Northern Pass or just partial burial in the vicinity of the White Mountain National Forest would cause considerable environmental and scenic damage compared to total burial of the project," Kenneth Kimball, director of research for the Appalachian Mountain Club, said in a statement.

The department said its draft EIS concluded that "the alternatives that would be constructed underground along existing roadways … would impose the fewest environmental impacts due to the lack of visual impacts and use of already disturbed roadway corridors. However, all of the underground alternatives … would have the highest construction costs (between approximately $1.83 billion and approximately $2.11 billion)."

The 1,200-MW project is a joint venture of Eversource Energy and Hydro Quebec. It was proposed in 2010 and, if the current schedule holds, would be completed in 2019. (See Eversource: Northern Pass Delayed Until '19; Earnings Up.)

According to the report, the company's preferred route, and a similar 1,200-MW alternative, would provide the greatest benefit for the wholesale energy markets. It would decrease wholesale electricity costs by $22 million in New Hampshire and by $149 million across ISO-NE. Other alternatives with a 1,000-MW capacity would only save $18 million and $134 million, respectively.

The department also said that the preferred route is the only alternative inconsistent with the existing White Mountain National Forest Plan. Overhead transmission would be seen from "historic architectural resources and thus could adversely affect the historic context of these sites more than the underground alternatives."

A 90-day comment period will begin once the study is published in the Federal Register.

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