



## DC Mayor Tight-Lipped on Exelon-Pepco Deal

Local Opponents Rally in Front of Bowser's Office

By Michael Brooks

WASHINGTON — As the Sept. 28 deadline approaches for Exelon and Pepco Holdings Inc. to appeal D.C. regulators' rejection of their merger, Mayor Muriel Bowser is saying little to indicate how she feels about a second try by the companies to close the deal.

On Thursday, local officials and advocates

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D.C. Councilwoman Mary Cheh © RTO Insider

## NYISO, ISO-NE Cautious Heading into Winter



Grid operators from PJM, MISO and SPP told FERC last week they are confident they can meet their winter loads, but NYISO and ISO-NE said natural gas shortages and electric transmission constraints remain a serious concern. See PJM ([p.2](#)), and MISO and SPP ([p.4](#)). © RTO Insider

### ISO-NE: Little Room for Error

By William Opalka

The six New England states aren't an island, but the region sometimes feels that way when it comes to its winter power supply. Although transmission ratings and maximum generation output is higher during the cold weather and peak load is lower, the ability to import power is a major concern.

"Transmission interfaces into New England

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### Gas Still Rules in NYISO

By William Opalka

New York has adequate resources and improved operational practices to face the upcoming winter, a NYISO official told FERC on Thursday. But the infrastructure must still perform, Wes Yeomans, vice president for operations, told the commission.

New York still has a wide diversity of resources, with hydro at 11% of generating

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**NOPR Requires RTOs Switch to 5-Minute Settlements** ([p.5](#))



**Ameren, Westar, Berkshire Hathaway Launch Competitive Tx Affiliates** ([p.16](#))

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## New NYISO Head Brings Broad Experience

By Tom Kleckner and William Opalka

Bradley C. Jones joined ERCOT little more than two years ago from Energy Future Holdings as the grid operator's vice president of commercial operations. The job gave him responsibility for market operations, design and development, settlements, retail operations and client relations.

He wouldn't stay long.

In January, ERCOT appointed him senior vice president and chief operating officer,

putting him in line to potentially succeed CEO H.B. "Trip" Doggett, who announced in June that he will retire in 2016. But Jones isn't sticking around for ERCOT's succession plan. Last week, after less than nine months in his new job, Jones announced he would succeed Stephen C. Whitley as CEO of NYISO.

Jones will take over Oct. 12, as the New York power market faces a proposed overhaul led by the state's governor and utility regulators.

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# Winter Reliability

## ISO-NE: Little Room for Error

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are going to be loaded up pretty much around the clock every day,” Peter Brandien, ISO-NE’s vice president of system operations, told FERC on Thursday. “Which means that any sort of contingencies ... I’ll have to handle with the resources internal to New England.



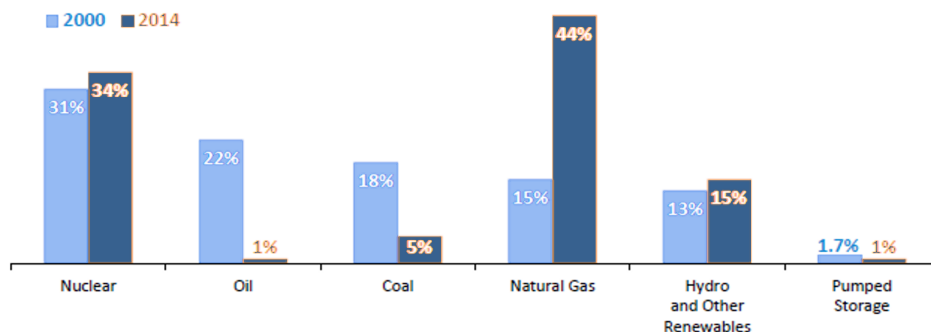
Brandien

“People are talking about ramping up their efforts for the winter, but for us, [preparation occurs] throughout the year,” he continued. “I look forward to the time when I can come down here and say that we’re all set and we don’t have any concerns going into the winter. I feel like a broken record every time I’m down here talking about the same concerns.”

In addition to the familiar concerns over constraints on gas pipelines from the west, he also cited worries about diminished supplies from Nova Scotia. Natural gas supplied 44% of the region’s power in 2014, nearly tripling its share since 2000.

The lack of infrastructure also causes New England prices to be “higher than just about anywhere else,” Brandien said.

ISO-NE will again rely on the winter reliabil-



ISO-NE fuel supply mix 2000 vs. 2014 (% of total electric energy production) Source: ISO-NE

ity program it has used for the last two winters, which gives oil generators incentives to secure fuel at the beginning of the winter. Last year, it added incentives for liquefied natural gas. “Hopefully, there will be LNG injections like last year,” Brandien said.

The RTO’s Pay-for-Performance program, which rewards successful generators and penalizes those who fail to meet their commitments, goes into effect in 2018.

Gas-electric communication, “a 12-month project,” has improved in response to FERC orders, he said.

The RTO hired a former gas industry veteran to help evaluate gas availability and developed a gas usage tool that scrapes the electronic bulletin boards of the five interstate pipelines serving the region.

This winter, the RTO also will begin allowing

generators to change offers on an hourly basis in the day-ahead and real-time markets, improving incentives for following dispatch orders. “We think that’s going to pay dividends to us,” he said.

The RTO’s assumptions for the Winter 2015/16 Forward Reserve Auction included a reserve requirement of 2,363 MW.

“I’m somewhat comfortable that we have insight into all of [the challenges, that] we have the right communication, that we have the right emergency procedures and that we’ll be able to implement any operational actions in time,” Brandien said.

Still, ISO-NE said in its presentation: “[The] loss of any major non-gas unit or significant disruptions in gas supply or pipeline capability will create major challenges for ISO operations.”

## PJM to FERC: We’re Prepared for Winter

By Suzanne Herel

PJM is prepared to meet this winter’s load – even if it’s a bit higher than the record peak seen last season, COO Mike Kormos told FERC last week.

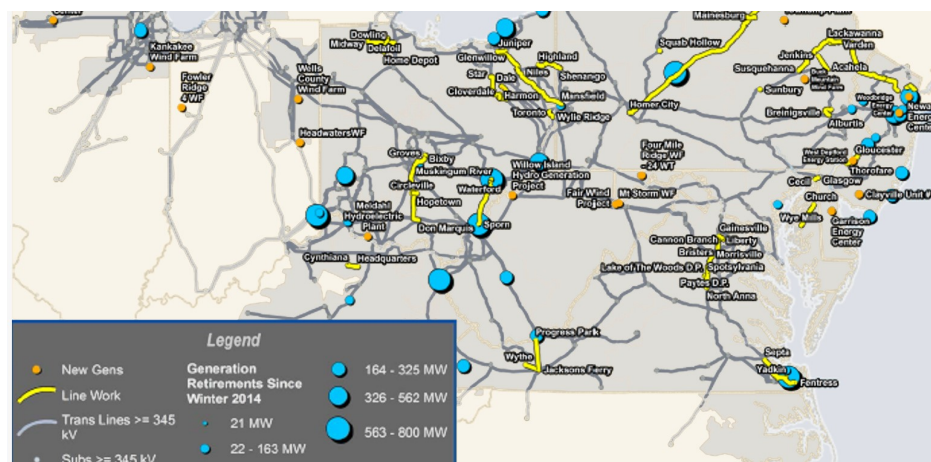


Kormos

PJM’s winter preparedness study considered a peak load of 135,350 MW (not including demand response), below the record winter peak of 143,086 set Feb. 20.

“We did not identify any reliability problems,” he said. “Our margins are fairly sufficient as well. We do not see anything at this point that is problematic to us.”

PJM officials are feeling more comfortable, in part, because of the improved generator performance last winter.



PJM is responding to generation retirements (blue circles) with new generation (orange circles) and transmission (yellow lines). Source: PJM

Generator outage rates, which exceeded 20% during the 2014 polar vortex, were generally less than 15% last winter. Officials

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## Winter Reliability

### Diversity Helps NYISO, but Gas Still Rules

*Continued from page 1*

capacity and six nuclear facilities representing 14% of capacity, Yeomans said. But the overwhelming resource of choice is natural gas — representing 55% of capacity statewide and 95% in New York City.



Yeomans

More than 80% of gas generation can switch to oil when heating homes and businesses takes priority during cold snaps. “That really is the cornerstone of how we maintain reliability,” Yeomans said.

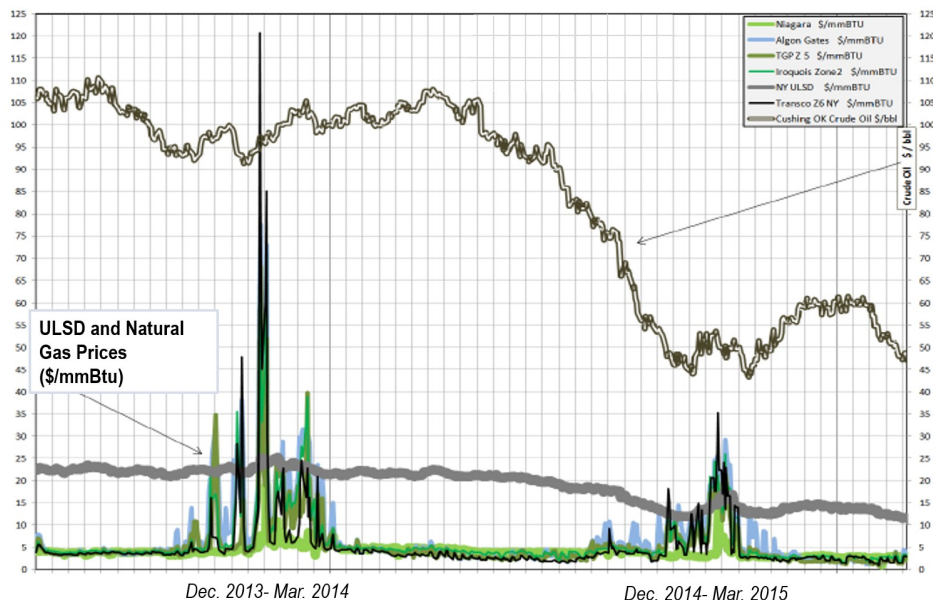
But just because a resource has dual-fuel capability does not mean it would be available to switch to oil.

“A generator may have the capability to be dual-fuel, but they may make the business decision not to update their permits, or their maintenance, or add oil on-site,” he said.

Yeomans added that in New York, it may be financially advantageous for generators to have lower inventory on-site but rather have “fantastic arrangements” with suppliers to have access to inventory when needed. “Our experience has been that this works pretty good,” he said.

NYISO monitors its resource base through the seasonal generation fuel survey that was recently distributed.

One operational change effective Nov. 1 is an increase in the operating reserve requirement from 1,965 MW to 2,620 MW in day-ahead and real time. Reserve shortages would gradually raise prices and incent the



Natural gas prices in New York are generally far below that of diesel (bottom gray line), but price spikes occasionally made oil cheaper during the last two winters. (Top gray line: crude oil \$/barrel) Source: NYISO

market.

Forward reserve contracts will send price signals to generators “to go buy the fuel,” Yeomans said. “Having this reflected in our real-time pricing is a very significant step.”

Capacity margins in New York are about 10,000 MW but drop to a still-adequate 4,700 MW on a peak day during a once-in-10-year cold snap.

Other initiatives include site visits to units with low capacity factors to identify ways to improve performance. NYISO is also introducing a web-based, fuel survey “portal” that will go into production in December.

This will provide the opportunity for generators to post fuel conditions to a video board for ISO operators replacing a manual process.

Yeomans said the ISO has become better at managing its morning ramp, which comes at the end of the gas day, resulting in fewer deratings of its gas generators.

After all the changes were described, the room erupted in nervous laughter when FERC Chairman Norman Bay asked Yeomans about his “comfort level” going into the winter.

“Comfort,” Yeomans said, “is a strong word.”

### PJM to FERC: We’re Prepared for Winter

*Continued from page 2*

plan to repeat the winter preparation checklist and a testing program for seldom-run units that were credited with improving performance. (See [Why Did PJM Grid Fare Better This Winter?](#))

Kormos noted that about 10,000 MW of generation has retired since last winter, only about 3,000 MW of which has been replaced. Although the RTO feels confident it can make up the losses, in part due to new transmission, “it is a 7,000-MW difference,” Kormos said.

In addition to making enhancements to the grid, PJM has been working on its relations with the gas industry. “We have spent a lot of effort since last winter continuing coordination,” Kormos said.

PJM this summer signed an information-sharing agreement with nine interstate pipelines. (See [PJM, Pipelines Pledge Increased Cooperation to Boost Reliability](#).)

Beginning Nov. 1 until March, PJM will be holding weekly calls with the pipelines to talk about upcoming maintenance on either side, projected peak loads and forecasting conditions, he said.

Kormos said he was encouraged by one pipeline’s recent announcement that it is considering offering firm service customized for generators’ needs.

“Generators are not [local distribution companies]. They don’t draw gas every hour, seven days a week, 365 days [a year] like an LDC does. They don’t have storage contracts in place like LDCs do,” Kormos said. “They need a different service.

“We feel we are in a much better situation after the past two winters,” he continued. “We believe we’re doing a better job coordinating.”

## Winter Reliability

### MISO Focused on Gas-Electric Coordination, Fuel Assurance for Winter

By Michael Brooks

MISO is forecasting a 35% planning reserve margin for the winter and has implemented several changes to improve coordination with pipeline operators and ensure fuel deliveries to its fleet, Todd Ramey, vice president of system operations and market services, told FERC last week.



Ramey

"We feel very comfortable that we have the resources and processes needed to ensure efficient operations for the coming winter," Ramey said.

The RTO, which is forecasting a winter peak of 104 GW, is counting on installed capacity of 145 GW. MISO's resource adequacy has come under scrutiny over the past two years, but concerns have been about meeting its summer peak. (See [MISO Survey: No Shortfall Until 2020.](#))

Ramey said MISO has "new and improved" tools in its control room that increase situational awareness of pipeline conditions. In the past year, the RTO has also been con-

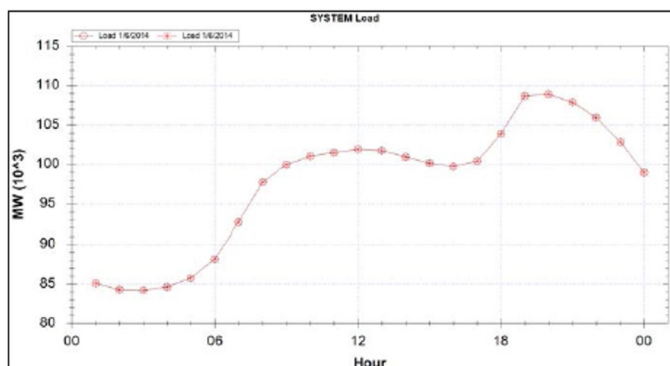
ducting monthly calls with pipeline operators to share outage information, he said.

MISO has also implemented fuel surveys to gain greater awareness of the firmness of fuel deliveries to its gas-fired fleet, Ramey said.

In its first survey, conducted last year, only 15% of plants that responded had "primary firm" gas delivery, while 40% reported having "interruptible & other" arrangements; 24% of those surveyed did not respond. The RTO's next survey will be in October, Ramey said.

MISO has also conducted informal fuel storage surveys. During the polar vortex, MISO found that generators' coal inventories were lower than planned "due to some transportation disruptions," Ramey said. He said that both inventories and rail supply are back to normal, but that the RTO would continue to keep an eye on them.

In response to a question from Commissioner Colette Honorable about the grid operators'



MISO winter load curve Source: MISO

long-term objectives, Ramey said MISO was focused on working with state commissions as the region transitions from coal to natural gas.

#### Offer Cap

Ramey also said that MISO would make a filing concerning the \$1,000/MWh energy market offer cap in the "next couple months." He said stakeholders are still unsure about a final solution, but that the filing would at least address the cap for this winter. During the 2014 polar vortex, soaring natural gas prices pushed some generators' costs over the cap.

### SPP OK for Cold Despite More Winter-Peaking Load

By Tom Kleckner

SPP is confident of its preparation for winter, although it will be adding the winter-peaking Integrated System to its footprint in October, Bruce Rew, SPP's vice president of operations, told FERC.



Rew

The IS, which covers much of the Dakotas, will increase SPP's load by about 15% and provide a contrast to the RTO, which is predominantly summer-peaking. "We don't foresee any major ... concerns for the winter," Rew said, citing a 60% reserve margin.

SPP has included the IS in its annual winter assessment. It will hold a winter-preparedness workshop on Dec. 10 to cover emergency procedures and industry-wide lessons learned. Rew said gas pipeline representatives have been encouraged to at-

tend, as they have in the past.

Rew said SPP has performed an analysis of this winter's anticipated conditions and has determined additional actions are not needed. However, should extreme weather cause generation outages, the RTO would move to a "conservative operation alert." These actions are discussed throughout the year in workshops and with stakeholders. Generally, SPP considers early committal of resources and delaying or postponing generation outages to ensure reliability.

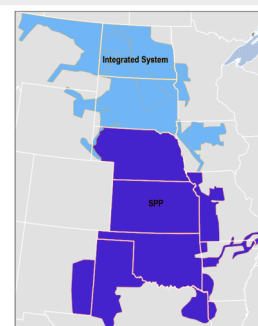
The RTO has updated its regional weather-alert procedures, strengthening communication with gas pipelines, based on the footprint's weather evaluations. An action plan has been developed and distributed to affected parties, Rew said.

SPP's emergency operating plan includes criteria that require market participants to notify the SPP balancing authority when they anticipate fuel restrictions below certain thresholds. These notifications are in-

tended to help prepare SPP before any larger fuel issues arise.

Rew said that SPP performs fuel-related assessments throughout the winter, depending on forecasted system conditions. Coordinated load-shed testing between SPP and transmission owners will begin this fall, and there will be weekly communication tests between SPP and participants.

The SPP gas-electric coordination task force has submitted a proposal in response to FERC Order 809 to better align the Integrated Marketplace's timeline with gas nominations. Earlier posting of day-ahead market results leads to earlier posting of day-ahead reliability unit commitment results in time for the evening gas nomination. (See [SPP Moving to 9:30 Day-Ahead Close.](#))





# NOPR Requires PJM, MISO, ISO-NE Switch to 5-Minute Settlements

## FERC Orders Alignment in Dispatch, Settlement Intervals

By Rich Heidorn Jr.

FERC issued a preliminary order Thursday that would require RTOs and ISOs to align their settlement and dispatch intervals, saying it was the first of a number of proposals the commission plans to act on based on what it learned from the price formation proceeding it began last year.

The Notice of Proposed Rulemaking ([RM15-24](#)) would require organized markets to settle real-time energy and operating reserve transactions financially at the same five-minute time interval that it dispatches those resources. It would also require the markets to eliminate any lag between declaring a shortage and beginning shortage pricing.

### Inaccurate Price Signals

The commission said current practices in some markets are not resulting in appropriate price signals.

Although all organized markets dispatch resources in five-minute intervals, ISO-NE, MISO and PJM settle those transactions based on the average price for all dispatch intervals during the hour (“hourly integrated prices”).

“This misalignment between dispatch and settlement intervals may distort the price signals sent to resources and fail to reflect the actual value of resources responding to operating needs because compensation will be based on average output and average prices across an hour rather than output and prices during the periods of greatest need within a particular hour,” the commission said.

In addition, some markets do not trigger shortage pricing unless the shortage lasts a minimum time — resulting in a delay before prices begin reflecting the shortage. The rule would require a shortage of any duration to be reflected in prices.

FERC said the changes “will help provide correct incentives for market participants to follow commitment and dispatch instructions, to make efficient investments in facilities and equipment, and to maintain reliability. The proposed reforms will also help provide transparency and certainty so that

market participants understand how prices reflect the actual marginal cost of serving load and the operational constraints of reliably operating the system.”

“Requiring settlement intervals to match dispatch intervals would make resource compensation more transparent by, among other things, increasing the proportion of resource payment provided through payments of energy and operating reserves rather than uplift,” the commission continued. “This increased transparency, in turn, better informs decisions to build or maintain resources and enhances consumers’ ability to hedge.”

Comments on the proposed rule will be due 60 days after its publication in the *Federal Register*.

### Offer Cap Issue Coming to FERC

FERC’s price formation proceeding included workshops and staff reports touching on a variety of obscure — but often controversial — issues, including offer caps and uplift allocation. (See [FERC Sets Feb. 19 Deadline on Price Formation Comments](#).)

In its Thursday order, FERC said it “expects to undertake further action addressing various price formation topics, including offer price caps, mitigation, uplift transparency and uplift drivers,” though it gave no schedule for future action.

But the commission will be facing the offer cap issue shortly, with PJM planning to seek a rule change — with or without stakeholder consensus — by the end of October. The Markets and Reliability Committee will discuss the issue in a special meeting Thursday. (See [PJM Stakeholders Weigh 4 Options on Offer Cap; No Agreement in Sight](#).)

MISO also plans a filing on the cap before winter. (See related story, [MISO Focused on Gas-Electric Coordination, Fuel Assurance for Winter, p.4](#).)

Commissioner Tony Clark had indicated his desire for a gradualist approach last month. (See [FERC’s Clark: Energy Markets Need Tweaks, not Overhaul](#).)

But Commissioner Philip Moeller was impatient. “I wish we had done a little bit more and a little bit sooner,” he said Thursday. Moeller’s term expired June 30, but he has

remained on the panel awaiting a new nominee from President Obama.

### Industry, RTO Reactions

The Edison Electric Institute praised the commission’s action.

“We thought [the NOPR] was a good start to a really comprehensive look at these issues,” said Richard McMahon, EEI’s vice president of energy supply and finance. “The fact that they teed up these other important issues [for future action] is very encouraging.”

The current disconnect means resources will be under-compensated for energy produced during price spikes, or overpaid for energy produced during low prices in an hour where most intervals have high prices.

### MISO

MISO’s Market Monitor David Patton has been recommending five-minute settlements since his 2012 State of the Markets Report.

“Even though a very small share (1 to 2%) of the energy produced and consumed in MISO is settled through the real-time market, the spot prices produced by the real-time market affect the outcomes and prices in all other markets,” Patton said in his 2014 report in June. “Therefore, one of the highest priorities from an economic efficiency standpoint must be to produce real-time prices that accurately reflect supply, demand and network conditions.”

Patton said MISO has the metering and data necessary to make the change, which he said will require “only modest changes to MISO’s existing settlement calculations.”

At its Market Subcommittee meeting in August, MISO [categorized](#) the switch to five-minute settlements for generation schedules as “planned” and said that it was evaluating the “market efficiency benefits” and “process and system impacts.”

MISO implemented five-minute settlements for interchange schedules, as required by FERC Order 764, on June 30.

“We’re in the process of reviewing the NOPR now and will begin discussions with

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## FERC to Look over NERC's Shoulders on Reliability

By Rich Heidorn Jr.

FERC said last week it will require the North American Electric Reliability Corp. to provide the commission access to NERC databases in what Chairman Norman Bay said is an effort to apply "Moneyball" techniques to reliability.

The commission issued a Notice of Proposed Rulemaking that would give FERC access to NERC's transmission availability data system (TADS), generating availability data system (GADS) and protection system misoperations databases ([RM15-25](#)).

"It takes the concept of 'Moneyball' to our analytics on reliability," said Bay, referring to the best-selling book on Oakland Athletics General Manager Billy Beane's use of statistical analysis in evaluating baseball players.

The commission said access to the data "would inform the commission more quickly, directly and comprehensively about reliability trends or reliability gaps that might require the commission to direct [NERC] to develop new or modified reliability standards."

TADS and GADS contain data on transmission and generation outages, respectively,

including cause codes.

The protection system database collected information on about 2,000 misoperations in 2014, including causes. "Protection system misoperations have exacerbated the severity of most cascading power outages, having played a significant role in the Aug. 14, 2003, Northeast blackout," FERC said.

"While the aggregated TADS, GADS and protection system misoperations data provided in NERC's periodic reports afford the commission some insight into the reliability and adequacy trends identified by NERC, we believe that having direct access to the underlying data will assist the commission in its understanding of the periodic reports, thereby helping the commission to monitor causes of outages and detect emerging reliability issues," FERC said.

### FERC Micromanaging NERC?

Commissioner Cheryl LaFleur issued a concurring statement expressing concern that the proposal could be seen as micromanaging NERC. Although FERC has ordered NERC to initiate standards on geomagnetic disturbances and physical security, LaFleur said that authority should be used sparingly.

"It is important that we recognize the distinction between [FERC's] oversight role

and NERC's primary responsibility to monitor reliability issues and propose standards to address them. Ultimately, I believe our efforts to sustain and improve the reliability of the bulk electric system are furthered by mutual trust and shared priorities between the commission and NERC," she said.

"I understand that today's proposal might be controversial within the NERC community. I therefore welcome comment on the proposal, including any potential issues or concerns not identified in the NOPR."

Comments on the proposal are due 60 days after publication in the *Federal Register*.

The commission also gave final approval to two sets of reliability standards and preliminary approval to a third.

FERC approved reliability standards PRC-002-2, which specifies requirements for time-synchronized data for post-disturbance analysis ([RM15-4](#)), and PRC-005-4, adding sudden pressure relaying systems to the protection system maintenance rules ([RM15-9](#)).

It also approved a NOPR proposing to approve standard PRC-026-1, which would require that protective relay systems differentiate between faults and stable power swings ([RM15-8](#)).

## NOPR Requires PJM, MISO, ISO-NE Switch to 5-Minute Settlements

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stakeholders soon about the implementation and timing," MISO spokesman Andy Schonert said. The RTO addressed the implications of sub-hourly settlements in its comments to FERC on the price formation initiative in March. (See pp. 17-18 of the [comments](#).)

### PJM

In an April order on pricing of reserves, FERC rejected as out of scope a call from Public Service Enterprise Group that PJM implement five-minute settlements (ER15-643).

PJM Executive Vice President and COO Mike Kormos said in an interview after the FERC meeting that the change "was on the radar for sure."

He noted that the order may require generators to make software changes and update old meters.

"It's not just going to be 'What's the impact on PJM?'" he said. "It's 'What's the impact on everybody?'"

### ISO-NE

ISO-NE is already discussing with market participants a switch to five-minute settlements. At the Sept. 2 New England Power Pool Markets Committee meeting, RTO officials said they plan to settle generation, pump hydro and imports and exports on a five-minute basis but will continue to settle load assets and bilaterals hourly in real-time.

ISO-NE spokeswoman Marcia Blomberg said the idea of settling bilaterals subhourly

also is under discussion.

Real-time reserve payments and inadvertent energy also would be settled every five minutes but the charge allocations would remain hourly.

On Sept. 2, the RTO told the NEPOOL Markets Committee that it plans to present Tariff language changes in November with a vote in December and implementation in 2017.

"We're still reviewing the NOPR and evaluating what's needed for compliance, but in terms of the proposal we're discussing with participants, significant changes to the ISO's settlement systems would be required to accommodate new calculations and significantly increased data volume, and market participants' information systems would also require changes," Blomberg said Monday.

# FERC NEWS



## Are You Two Related? FERC Wants to Know

By Rich Heidorn Jr.

Seeking to improve its ability to unravel complicated market manipulation schemes, FERC last week proposed a new way for identifying connections between companies and individuals.

The commission issued a Notice of Proposed Rulemaking requiring RTOs and ISOs to begin registering market participants through common alpha-numeric identifiers, with lists of their “connected entities” and a description of their relationships (RM15-23).

The proposal would use a new system called Legal Entity Identifiers (LEIs), which are already used by the Commodity Futures Trading Commission and Securities and Exchange Commission to track swaps trades. FERC previously dropped use of the Data Universal Numbering System (DUNS), saying it was not effective for its purposes.

FERC said the new requirements will help the Office of Enforcement police market manipulation by providing a “more complete view of the relationships between market participants and the incentives underlying their trading activities.” The initiative would also help RTO market monitors in probes of cross-market manipulation, FERC said.

The office’s Division of Analytics and Surveillance runs automated screens to detect potential market manipulation. The office also has access to e-Tags, RTO trading data and information from the CFTC, including

its Large Trader Report.

“Nonetheless, despite increased access to trading data, the commission cannot fully utilize this information in order to detect and deter market manipulation because of uncertainty regarding the identity of a given market participant, which may trade under different identifiers in different markets and venues,” FERC said. “The commission also lacks a clear window into the relationships between market participants and other entities, which can be complex. Without an understanding of which companies share ownership or debt interests, or who may function in key employment or other contractual roles (such as asset management), it can be difficult to ascertain which individuals or companies may benefit from a given transaction or, indeed, who may be jointly participating in a common course of conduct.”

### ‘Connected Entities’

The rule would require companies to identify all “connected entities,” a new term defined as those that have certain ownership, employment, debt or contractual relationships. It would replace current affiliate disclosure requirements contained in RTO and ISO tariffs unless the markets request their continuation.

FERC said it wanted a new definition “free of any associations that have developed around the term ‘affiliate,’ and one that is uniform across all of the RTOs and ISOs.”

Connected entities would include compa-

nies controlling more than 10% of another, as well as top executives and traders. The scope would extend beyond corporate affiliations, including contractual relationships such as tolling and asset management agreements and debt structures that are convertible to ownership interests.

FERC estimated that about 90% of reported wholesale electricity sales under commission jurisdiction are captured in Electric Quarterly Report data and affiliation information obtained from market-based rate filings and other sources. It sought comment on whether non-RTO market participants should also be required to make filings.

Companies would be required to file their connected entity data before being permitted to participate in RTO markets, and to verify their accuracy annually. FERC and the RTOs would be able to audit the filings to ensure compliance.

FERC said the change may ease compliance for market participants in multiple markets.

But in a concurring statement, Commissioner Cheryl LaFleur expressed concern that the rule “would create a significant new reporting regime for all market participants, as well as the RTOs and ISOs.” LaFleur said she might oppose the final rule if she concludes that “the benefits offered by new compliance obligations outweigh the burdens that will be faced by market participants.”

Comments on the rule will be due 60 days following publication in the *Federal Register*.



### Fasting Protest

More than a dozen anti-fracking protesters have been fasting while camped outside of FERC headquarters. Four protesters were led from FERC’s open meeting Thursday — day 10 of the planned 18-day fast — after separately interrupting the meeting in an attempt to make statements.

The fast was organized by Beyond Extreme Energy, which opposes FERC’s approval of natural gas pipelines and liquefied natural gas export terminals.

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## NH PUC Staff: Northeast Energy Direct Pipeline Would Lower Power Prices

By William Opalka

The Northeast Energy Direct pipeline project through southern New Hampshire is the best way to lower electricity prices and increase reliability in New England, the staff of the state Public Utilities Commission concluded in a report released Wednesday.

The 48-page [report](#) examined three proposed pipeline expansions and an alternative for increased liquefied natural gas deliveries during the winter. The PUC ordered the study in the spring in response to high natural gas prices and concerns about reliability over the past two winters (IR15-124).

Kinder Morgan's Northeast Energy Direct project would run on mostly new rights of way from Pennsylvania's Marcellus Shale region through New York, Massachusetts and New Hampshire, terminating in Dracut, Mass. (See [Kinder Morgan Trims Northeast Energy Direct.](#))

The Access Northeast project led by Ever-source Energy and the Portland Natural Gas Transmission System, which would mostly expand pipelines on existing routes, provide lesser benefits, according to the report.

"We view Access Northeast and Northeast Energy Direct as two very cost-effective projects that will moderate future winter

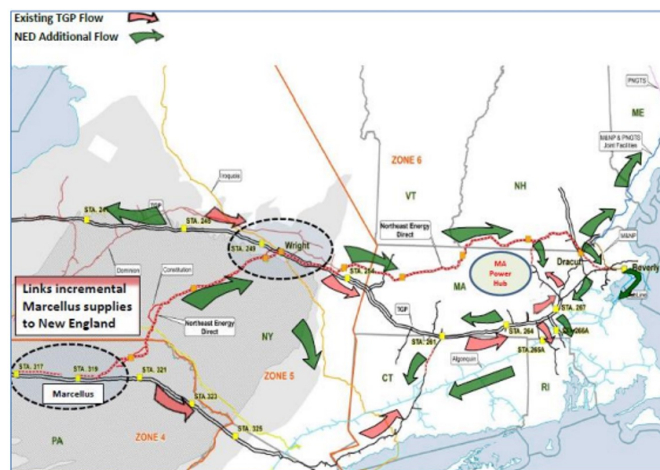
electricity prices, though the numbers clearly indicate that NED will provide the greatest benefits to regional electricity customers," the report said.

Portland Natural Gas did not provide enough information for the PUC to conduct a thorough analysis, according to the report. The report added that Access Northeast would enhance reliability but would have less impact on gas prices.

"As a result of the NED project, [Kinder Morgan subsidiary] Tennessee Gas Pipeline will have the ability to physically deliver into every pipeline system serving New England, as well as to incrementally serve markets along its own pipeline system," the report adds.

The report is less confident in the ability of LNG to fill in gas supply gaps, as it did during last winter.

"There is no guarantee that the market conditions that enticed LNG tankers to New



Northeast Energy Direct pipeline project Source: New Hampshire PUC

England in winter 2014/15 will recur in future winters. This means the very high prices of 2013/14 could reappear just as quickly as they disappeared in 2014/15, assuming, of course, similar extreme weather conditions. Finally, it is important to note that the increased availability of LNG in winter 2014/15 did not eliminate price spikes or energy cost premiums," the report said.

New Hampshire's report is the latest in a number of analyses weighing the merits of proposed infrastructure improvements for the region. (See [Dueling Studies Dispute Need for More Pipelines in New England.](#))

## Utilities Would Clean Up Site if Connecticut Acquisition Approved

By William Opalka

Iberdrola USA and UIL Holdings have agreed to clean up an abandoned power plant site in New Haven if Connecticut regulators approve their proposed \$3 billion merger.

The companies on Thursday agreed to a consent [order](#) with the state's Department of Energy and Environmental Protection that would allow the contaminated English Station site to be cleaned up for reuse.

The Connecticut Public Utilities Regulatory Authority rejected the proposed acquisition in June on other grounds, saying that the plan was not in the public interest. The companies refiled a new plan in July that they said addressed regulators' objections. (See

[Iberdrola Refiles Acquisition Bid for UIL Holdings.](#))

The state estimates site remediation would cost under \$30 million. The companies have committed to spend any amount in excess of that if necessary.

The agreement was announced in a [statement](#) by Gov. Dannel P. Malloy, Attorney General George Jepsen and DEEP Commissioner Robert Klee. "The state will strongly oppose any attempt to recover remediation costs from ratepayers. The companies will propose the scope of work to fully examine the pollution and clean it, and DEEP will review and approve the scope of work," they said.

"This is an important settlement — to New Haven and to Connecticut. The English Station has long been a site that absolutely needed to be cleaned up and given a second

life, and now it will be," Malloy said in the statement.

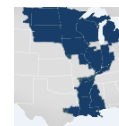
The plant is situated on Ball Island in the middle of the Mill River in New Haven. It was operated by UIL unit United Illuminating for 63 years and closed in 1992. It is contaminated with polychlorinated biphenyls, heavy metals and other contaminants.

Administrative proceedings will continue against UIL to determine responsibility for cleanup of contamination in the river, according to state officials.

The acquisition, which includes natural gas distribution companies in Massachusetts, must also be approved by that state's regulators.

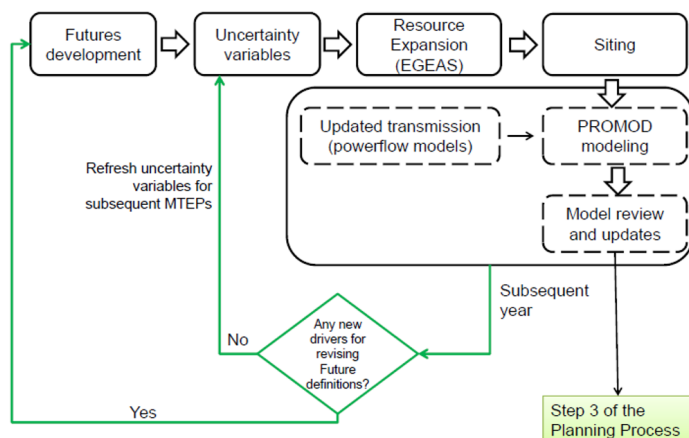
Connecticut regulators will conduct hearings on the acquisition in October. A decision is expected by Dec. 4.





## Planning Advisory Committee Briefs

### MISO Seeks 'Long-Term' Focus in Revamp of MTEP Process



Proposed change to MTEP process. Source: MISO

MISO officials are considering changes to how they conduct the annual Transmission Expansion Plan in order to focus future plans on long-term needs.

Officials told the Planning Advisory Committee meeting last week that they are considering changes to the first two steps of the seven-step futures development process.

"Year after year, the annual MTEP future definitions have modeled similar themes," MISO said. From MTEP 12 through MTEP 16, the RTO has modeled low-growth, high-growth and business-as-usual cases.

Under the proposed change, planners would refresh the uncertainty variables annually based on whether there are new drivers for revising futures definitions.

Beginning with MTEP17, planners would use futures for as many as three years. MISO said sensitivities to existing futures can capture specific system needs without having to design new futures. For example, rate-based and mass-based compliance approaches can be studied as sensitivities to the Clean Power Plan future.

"After evaluating near-term needs for the last several MTEP cycles, it's time to focus on long-term overlay design and development," MISO said.

Stakeholders will discuss the proposed changes at the October and November PAC meetings. MISO hopes to finalize a revised process by end of the year.

### MISO Proposing Changes to Review of Out-of-Cycle Projects

MISO has proposed changes to the way it handles the review of expedited projects to quell complaints over Entergy's Lake Charles out-of-cycle transmission upgrades.

"We do think a few minor adjustments are necessary," said MISO's Matt Tackett, who presented the proposed changes.

Entergy's \$187 million out-of-cycle transmission project to serve additional load in the Lake Charles, La., industrial zone created a row that lasted for months. (See [Entergy Out-of-Cycle Requests Win MISO Board OK.](#))

MISO is proposing that projects meeting the voltage and cost thresholds for classification as market efficiency projects be tested to see if they would have satisfied the 1.25 benefit-cost ratio. MISO's presentation says this requirement would be for "transparency and informational purposes."

The project would be reviewed by Sub-regional Planning Meetings (SPM) and/or the Technical Study Task Force (TSTF), where the submitting transmission owner would explain the need for the expedited review.

MISO planners will propose the project, or any alternative, for the MTEP, based on the project review and input from the SPM/TSTF.

The PAC would weigh in only at the end of the MTEP cycle.

Projects not eligible for expedited review would be any that are qualified as MEPs and are not required to meet transmission owner obligations. "It is expected that under normal circumstances, the transmission owners will identify the needs for projects early enough to be vetted in the normal MTEP process without the need for expedited review," MISO said.

MISO will be accepting comments on the proposal until Oct. 16. After reviewing the comments, MISO will bring any revisions to the November PAC for the final proposal.

One of the most vocal critics of MISO's handling of Entergy's Lake Charles project, George Dawe of Duke-American Transmission Co., said the proposed changes are not an improvement.

"I'm more concerned now than I was with the original [Business Practices Manual] language," said Dawe, who represents the Transmission Developer Sector at the PAC. "It seems to me you've gutted the BPM."

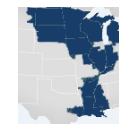
Dawe said the current BPM allows the PAC sectors to register their displeasure with a proposed out-of-cycle project to the MISO board.

"It seems to us that a controversial expedited project should be required to pass more stringent review, not less review and no PAC vote," he continued after the meeting. "Under the new process, the board would not be aware of [PAC stakeholder] displeasure until the end of the year when comments on the MTEP are solicited. By that time, the project would already have been *de facto* approved and potentially under development by the transmission owner."

Former Wisconsin Public Service Commissioner Eric Callisto, now a partner with law firm Michael Best & Friedrich, also criticized the proposal, saying "I think the whole tone has changed in many ways."

"As proposed [the changes] don't strike the right balance between truly urgent needs that justify MISO's expedited review versus the vast majority of projects that should make their way through the standard MTEP process," he said afterward. "The proposal leans

*Continued on page 10*



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too much in favor of expedited review, to the detriment of an open and competitive process.”

### Second Round of Feedback on MTEP 15

MISO’s Omar Hellalat said a second draft of [MTEP 15](#) has been posted and the RTO is currently accepting a second round of stakeholder feedback. These “substantive” comments are due Sept. 28; the feedback and MISO responses will be relayed to the MISO Board of Directors.

The PAC will hold a second discussion on the plan Oct. 14 before sending it on to the System Planning Committee for its October and November meetings. The MISO board will then take up the projects in December.

The first round of stakeholder feedback included grammatical and content comments and clarifying questions.

### MISO Seeks Feedback on Proposed Analysis of Final Carbon Rule

MISO is soliciting stakeholder feedback until Oct. 7 on a proposed [framework](#) for its study of the Environmental Protection Agency’s final Clean Power Plan.

The emissions targets will be examined under regional, sub-regional and state-level compliance, based on both rate- and mass-based caps. Planners also will consider a possible “equivalency exchange” rate between rate- and mass-based plans, given the possibility for disparity in state approaches.

Transmission needs will be identified and solutions developed for three futures. One assumes the CO<sub>2</sub> limits are met. The “accelerated” CPP future assumes the targets are surpassed as technological advancements and public policy makes renewables and demand-side resources more competitive than expected. The “partial” CPP future assumes legal challenges slow or end compliance, and only the early, 2022 emission targets are met.

In November, MISO will finalize the scope of the study, including futures definitions and modeling assumptions.

Through mid-2016, planners will model futures and sensitivities, considering state implementation plans as they become available.

Planners will develop transmission overlays beginning in 2016. MTEP 2016, however, will be based on the preliminary EPA draft rule.

### Market Efficiency Projects

MISO’s Digaunto Chatterjee shared a [letter](#) from American Electric Power affirming its commitment to “pick up incremental cost/ payment” if MISO approves either the Rockport-Coleman 345-kV double circuit or the Duff-Rockport-Coleman 345-kV single circuit market efficiency projects.

MISO is choosing from among [three MEP projects](#) in Southern Indiana, the third a Duff-Coleman 345-kV single circuit line. (See [MISO Plan to Revisit Runner-Up Tx Project Rekindles Stakeholder Angst.](#))

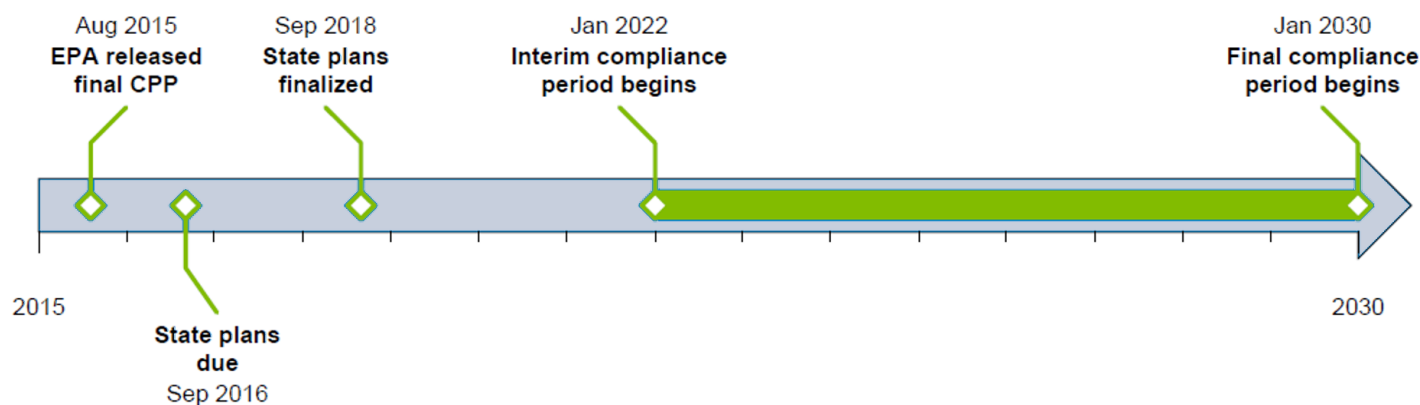
Staff have completed their economic and reliability evaluations. The reliability no-harm study identified constraints on two circuits for all three project alternatives, with an estimated mitigation cost of \$200,000.

Staff said it will make its final recommendation during a special PAC meeting Sept. 25 but is still awaiting PJM’s final position and funding commitment.

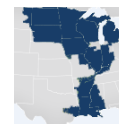
The alternatives range in cost from \$67.2 million to \$152.5 million. PJM’s share of the alternatives could run as high as \$85.2 million for Duff-Rockport-Coleman and \$54.6 million for Rockport-Coleman, according to MISO staff.

MISO cited “Tariff challenges” to the Rockport-Coleman project, saying it is unclear how to bid out a double circuit line when a portion of the line is built for another RTO and not cost shared through the MISO Tariff. Tariff changes may be necessary to allow PJM to compensate MISO.

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EPA Clean Power Plan timeline Source: MISO



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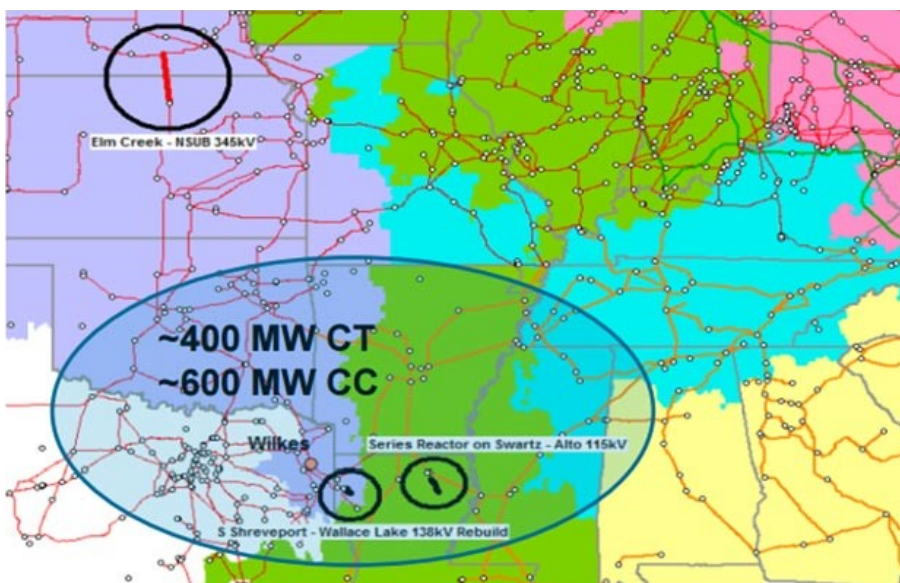
MISO is also studying two efficiency projects in the South with a total estimated cost of about \$124 million that cleared the 1.25 B/C ratio: reconductoring the 115-kV Mabelvale-Bryant-Bryan South line near Little Rock, Ark., and building a 230-kV line from a substation to Lewis Creek in southeast Texas. Staff is continuing to gather information and stakeholder feedback on its analyses.

### No Go for MISO-SPP Interregional Projects

MISO will not recommend approval of three potential interregional projects with SPP following an additional analysis that incorporated stakeholder feedback, Arash Ghodsian, MISO's technical adviser for economic studies, told PAC members. MISO said it worked with stakeholders and SPP to "sharpen [its] analysis" and concluded that none of the three projects were justified by the projected benefits. Last month, MISO told the PAC two of the three projects looked less attractive following additional modeling, indicating a "disconnect in coordination" between the two RTOs. (See [2 of 3 MISO-SPP Seams Projects Likely Doomed.](#))

Ghodsian said MISO updated its regional congestion analysis after making some modeling changes and incorporating four futures. Staff identified future load changes between interregional and regional models and replicated SPP's assumptions on retirements resulting from the Environmental Protection Agency's Mercury and Air Toxics Standards.

"Given where we are with the projects, we don't see why we need to go forward with any of them," Ghodsian said. He said the projects are not more cost-effective at addressing the identified transmission issues than what MISO's regional transmission plans build. Staff said its goal is not to find interregional projects for the sake of doing one, but to identify more cost-effective projects that would



MISO-SPP interregional project proposals Source: MISO

not be found in traditional regional planning. Ghodsian said MISO and SPP "effectively collaborated" during the study, gaining insight into their respective planning processes.

MISO's revised analysis concluded:

- The \$141 million Elm Creek-NSUB 345-kV project showed present value benefits over 20 years of \$25.6 million and a benefit-cost ratio of 0.49.
- The \$18.5 million rebuild of the S. Shreveport-Wallace Lake 138-kV line showed a benefit-cost ratio of 0.86.
- The \$5.3 million series reactor on the Alto-Swartz 115-kV line shows \$20.5 million in benefits and a B/C ratio of 4.34, including the adjusted production cost benefit for MISO South.

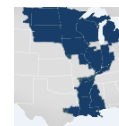
MISO is evaluating alternatives to the Alto series reactor project in the market congestion planning study.

— Tom Kleckner and Rich Heidorn Jr.

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## FERC Shoots Down Northern States QF Rehearing Request

By Michael Brooks

**NSP** FERC last week upheld its decision requiring Northern States Power to continue purchasing electricity from a small hydroelectric plant, maintaining that the plant does not have access to MISO's capacity market ([QM15-2-001](#)).

In its June request for rehearing, Northern States argued that FERC erred in requiring that the company show that Twin Cities Hydro, an 18-MW qualifying facility on the Mississippi River in Minnesota, had access to MISO's markets. The Public Utility Regulatory Policies Act allows for the termination of the mandatory purchase of electricity from a QF if the generator has "nondiscriminatory" access to the markets.

FERC presumes that any QF with capacity less than 20 MW does not have access to the markets and requires utilities seeking to

eliminate QF obligations to prove otherwise. In its May 14 order, FERC ruled that while Twin Cities had been selling power in MISO's energy markets, it could not access the RTO's capacity market. (See [Ruling Denies Northern States' Request to Halt Hydro Purchases](#).)

In its rehearing request, Northern States said the law "does not require a showing that the QF currently has met the requirements to sell its capacity into a market or a showing that the QF has had a history of sales. It simply requires a showing that the QF is on a level playing field with other facilities to establish nondiscriminatory access."

It said FERC's May 14 order allows Twin Cities, which is owned by Brookfield Renewable Power, to "sit on its hands and then be allowed to take advantage of the purchase requirement through its inaction."

FERC was not persuaded by the arguments. Northern States "has acknowledged that

the Twin Cities QF cannot, at present, access the MISO capacity market," FERC said. "The evidence presented by [Northern States'] own witness explained that, if Twin Cities were to submit a network resource interconnection service request, MISO would likely grant Twin Cities only conditional service, pending completion of several transmission network upgrades."

The commission said the law requires that Twin Cities have "access to the specified markets and not merely that the Twin Cities QF is no more disadvantaged than any other sellers seeking to sell in such markets."

Northern States also argued that FERC erred when it said that the company had to show access to an organized market, rather than merely a wholesale market.

The commission said no such thing, FERC said. Northern States' "strawman argument that the May 14 order made such a finding — when, in fact, it did not — is thus without merit."

## FERC OKs MISO's SSR Allocation for 3 Plants, Rejects General Method

By Suzanne Herel

FERC last week approved MISO's rate schedules for the system support resource agreements at three aging power plants on Michigan's Upper Peninsula but directed the RTO to revisit its general cost allocation methodology to address concerns over how it might be applied to future SSR units.

The order conditionally approved the allocation of SSR costs at Presque Isle, Escanaba and White Pines ([ER14-2952-003](#)). The commission had rejected a prior cost allocation plan in an order in February.

FERC found that MISO's proposed cost allocation methodology "generally complies" with the February order "in that it assigns SSR costs directly to load-serving entities (LSEs) serving loads that would contribute to thermal or voltage reliability violations in the absence of the Presque Isle, Escanaba and White Pine SSR units under conditions that are representative of actual manual and/or automatic responses taken during reliability events."

But it rejected MISO's filing as a generally applicable rate schedule, instructing the



Presque Isle power plant Source: We Energies

RTO to address the commission's remaining concerns in a compliance filing.

FERC said the proposed methodology does not explain how MISO will calculate load distribution factors and does not justify how it selects load buses in identifying SSR beneficiaries.

The commission also said MISO did not provide an adequate explanation of the terms "daily load weighting factor" and "aggregate distribution factor" and failed to justify its proposal to allocate SSR costs at commercial pricing nodes based on their non-coincident monthly peak volumes.

"We find that this approach does not repre-

sent the actual conditions studied that caused the constraints, because MISO's Attachment Y study identifies constraints during the coincident system peak volume, as this is when the SSR unit is most likely needed for reliability purposes," the commission said.

FERC's February order prompted rehearing requests from the Michigan Public Service Commission and other stakeholders. (See [FERC Faulted, Asked to Reconsider Presque Isle SSR Ruling](#).)

In last week's order, FERC dismissed the Michigan commission's "generic criticism" that MISO's new methodology is based only on how load contributes to thermal constraints and voltage violations in the absence of the SSR unit. The PSC said MISO failed to consider other factors that could be used to identify LSEs that require the SSR units.

"The Michigan commission has not made a showing that these two factors are insufficient to identify LSEs that benefit from the operation of the SSR units, nor has it identified other factors that MISO should have considered," FERC said.



## New NYISO Head Brings Broad Experience

*Continued from page 1*

In January, Gov. Andrew Cuomo called for the Public Service Commission to review the ISO, saying its market design is at odds with his administration's Reforming the Energy Vision initiative, which seeks increased deployment of distributed resources and clean energy. Cuomo also called for more public and consumer representation on the ISO's Board of Directors. (See [NYISO: We'll Cooperate with PSC Review](#).)

The ISO's other challenges include the continuing shift to natural gas generation; reliability concerns caused by coal retirements and above-market contracts needed to keep some generators operating; transmission constraints into New York City; and discussions to change the capacity market that have not reached consensus.

### Three Decades

Those who know him at ERCOT say Jones' nearly three decades of experience in the industry have prepared him for the challenges.

"Brad was integral in the creation of the successful ERCOT market," said Theresa Gage, ERCOT's vice president of external affairs and corporate communications. "We are sad to see him go, but we are proud that NYISO recognizes the excellence in Brad that benefited the ERCOT market for so long."

His new bosses in New York say Jones' experience in the private sector and with the Texas grid is what made him the best candidate.

"The board gave serious consideration to a number of highly qualified and impressive candidates — both internal and external — and ultimately selected Mr. Jones because of his long and distinguished career in the electric sector," NYISO spokesman David C. Flanagan. "His diverse background — with experience in grid operations, power plant operations, generation development, project finance, market design, and regulatory and legislative affairs — was the best fit for the NYISO at this point in its history."

Whitley announced in January he would step down after more than seven years as the ISO's head. He will remain with NYISO during a transition period and will become an adviser to the Board of Directors.

Jones last week declined an interview request, saying he is not yet ready to talk publicly. In a statement, he said he was "excited about the opportunity to work with the NYISO's employees and stakeholders, as well as with government officials."

### Florida Native, Texas Career

Though born in Florida, Jones has spent most of his time in Texas, where he and his wife raised their six children.

He earned a bachelor's degree in mechanical engineering from Texas Tech University and a master's degree in finance from The

University of Texas at Arlington. He is a registered professional engineer in Texas.

### Last Coal Plant

He joined TXU Corp. as a plant engineer, rising through the ranks and various executive positions in retail, generation, investor relations, government relations and regulatory affairs. He led the development of TXU's Oak Grove Project, a 1,634-MW coal-fired generating station located near College Station, Texas, and the last coal plant to be built in the state.

He remained with TXU after Energy Future Holdings (EFH) acquired the utility and its subsidiaries in a 2008 leveraged buyout. When he was tapped by ERCOT, Jones was serving as vice president of government relations for EFH's competitive businesses.

While with TXU and EFH, Jones chaired ERCOT's Technical Advisory Committee, which is comprised of stakeholders that make recommendations on operating guides and market protocols to the ISO's Board of Directors.

### Texas Market

"With his deep knowledge of the industry, Brad was always such a great resource for me," said Pat Nichols, a senior communication strategist with TXU and EFH. "I was sorry to see Brad leave EFH but glad for his success."

During the 1999 legislative session, Jones worked with the Texas Legislature to restructure the electric industry and allow customers to choose their electric suppliers. Then, as the Texas electric market prepared for retail competition, he led several ERCOT workgroups and committees that created the state's competitive electricity market.

In 2001, Jones became one of only four recipients of the Public Utility Commission of Texas Commissioner's Award for his leadership in preparing the state's electric market for competition. He is well connected within the industry, having served on the boards of the Gulf Coast Power Association and FutureGen Industrial Alliance, chaired an Edison Electric Institute advisory committee and participated on a Texas Reliability Entity committee.



Bradley Jones (left) and Stephen Whitley (right) Source: NYISO



## PJM Market Summit 2015

### Distributed Resources, Carbon Rule, Capacity Performance the Top Issues

PLYMOUTH MEETING, Pa. — PJM staff, stakeholders, financiers, regulators and industry leaders debated the effects of environmental rules and RTO policies on the capacity market, reliability and investments at Infocast's PJM Market Summit 2015 last week.

Following are some highlights. (Presentations for the executive forum, "Disruptive Factors in the PJM Market," can be found [here](#).)

**Mike Kormos**, PJM executive vice president and chief operations officer, gave the keynote address, "Priorities and Future Directions for the PJM Interconnection."



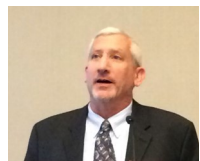
Kormos borrowed a phrase from outgoing CEO Terry Boston for his presentation: "The future ain't what it used to be," highlighting the differences between projections from two decades ago and the reality of today.

One of the biggest game changers is gas.

"Even as late as 2007, gas wasn't being talked about. Gas was too volatile. People didn't want to get into that part of the business," he said. "Now, gas is king. It's all we're seeing."

"Everyone is thinking gas will remain cheap and plentiful." But, he said, "We were wrong in 2000. Are you sure we're right in 2015?"

#### Prospects for Adoption of Distributed Energy Resources



"The future is quite uncertain," said **Steve Fine**, vice president at ICF International. "A lot is going to depend on how DER interacts with the wholesale market." There, aggregators would play an important role.

He added: "We're moving away from a net metering system and more toward a distribution resource planning process."

There are barriers to adoption, he said, including customer pushback, the impact on rates and utility financials, policy uncertainty, metering and data transmission issues, and interconnection standards.



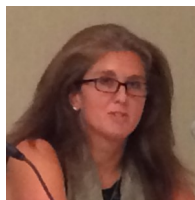
From left to right: Reid Harvey, EPA; Asim Haque, PUCO; Harry Singh, Goldman Sachs; Kathleen Barron, Exelon; and Joe Kerecman, Calpine. © RTO Insider

#### Implications of EPA 111(d) on the PJM Market

Reid Harvey, director of the Environmental Protection Agency's Clean Air Markets Division, said that the agency is holding calls with states and groups of states to determine how they plan to implement the final Clean Power Plan released in August.

Joe Kerecman, director of government and regulatory affairs for Calpine, said he favors a regional approach. "Just like in PJM, scale matters to market efficiency, and we think that would be the best outcome," he said.

**Kathleen Barron**, senior vice president of federal regulatory affairs and wholesale market policy for Exelon, said the Illinois energy giant will be keeping an eye on how the plan's implementation will affect its nuclear plants, some of which are struggling.



"The CPP is really the last big unknown," she said. "We'll be looking very closely at how states are trending for CPP implementation and what that means for our nuclear stations. It's too soon to know whether the CPP will be the missing link for this particular sector, but we're keeping an eye on it."

For his part, Asim Haque, vice chairman of the Public Utilities Commission of Ohio, said his state would be litigating the rule.

#### A New Day for Demand Response

Greg Poulos, manager of regulatory affairs for EnerNOC, said demand response provides an "incredible value" to consumers. "If you take demand response out of the capacity market, it would cost consumers about \$10 billion annually," he said.

Allen Jones, a consultant for the OPENADR

Alliance, said the use of DR is changing, regardless of what the Supreme Court decides on the D.C. Circuit Court of Appeals ruling threatening FERC's authority over DR.

"It's being used for more than just, 'Oh we have a terrible problem, we need to curtail some load,'" he said, noting that retail giant Walmart, among others, has piloted a program integrating it into its energy use plan. "Demand response is going to be something you're going to see more and more of."

#### The Results of the Capacity Auction

The winners of the new capacity market construct are the consumers, said Jason Barker, director of wholesale market development for Exelon. "We've estimated the net benefits to consumers somewhere in the neighborhood of \$1 billion to \$7 billion per year," he said.

Among the surprises for George Katsigianakis, principal of ICF International, was the amount of new generation. "I expected a larger amount," he said.

"The price of the base product was the biggest surprise from that auction. The amount of DR was a surprise for me, also — I was expecting less DR," he said.

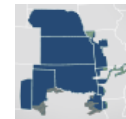
Pricing, however, was not a shock, he said. "We were expecting those levels."

Steve Lieberman, director of RTO and regulatory affairs for Old Dominion Electric Cooperative, said he expected a much greater spread between the Capacity Performance and base products.

Now, he said, "I'm hoping we can sit on our hands and stop fussing with it. ... Let the auctions run, take a step back, digest the results and take it from there."

— Suzanne Herel





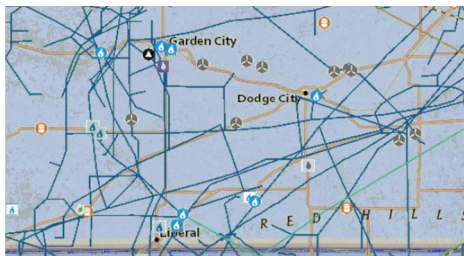
## FERC Again Rejects Sunflower Complaint over Kansas Power Deal

By Tom Kleckner

Sunflower Electric Power lost a second time last week in its bid to recover \$5 million it claims it is owed for “backstopping” a power-supply arrangement between Kansas Municipal Energy Agency and Garden City, Kan.

FERC denied Sunflower’s request for a rehearing of a July 2014 order that rejected its complaint (EL 14-38-001).

The Kansas-based cooperative had charged the arrangement was unfair and violated FERC and SPP rules, and SPP’s Tariff. Sunflower alleged Kansas Municipal’s firm capacity and firm transmission were insufficient to supply Garden City during January and February 2014 and that delivering wind energy to Garden City did not meet SPP’s dynamic scheduling rules governing the



Transmission and generation near Garden City, Kansas. Source: EIA

transfer of energy from one control area to another.

By failing to comply with dynamic scheduling requirements, Sunflower said, Kansas Municipal violated North American Electric Reliability Corp. standards.

Sunflower said it was entitled to \$5.1 million in compensation for backstopping Kansas Municipal with imbalance energy, ancillary services and firm capacity and for Kansas Municipal’s reliance on the energy imbalance services (EIS) market. Sunflower also asked FERC to eliminate Kansas Municipal’s “unfair marketing advantages” and practices it said threatened grid reliability.

Sunflower was the balancing authority for the area before SPP launched its Integrated Marketplace in March 2014. The dispute arose after Garden City dropped its supply contract with Wheatland Electric Cooperative, a Sunflower member, and switched to Kansas Municipal to supply its 71.5-MW load in January 2014.

FERC denied Sunflower’s complaint in July 2014, saying the cooperative failed to meet its burden of proof.

The commission noted there was no network integration transmission service agreement (NITSA) violation because the wind resources were short-term and, there-

fore, not part of the NITSA. FERC also pointed out SPP’s Market Monitoring Unit found no violation of the Tariff or evidence that Kansas Municipal negatively affected SPP’s EIS market.

The commission held that neither Kansas Municipal nor SPP could violate the NERC standard in question, “because neither entity was registered as a balancing authority with NERC during the relevant time period,” and that neither Kansas Municipal nor SPP “had any obligation with regard to dynamic scheduling.”

In Sunflower’s rehearing request, it charged that FERC erred in finding Sunflower failed to meet its burden of proof and determining that the supply arrangement did not violate the Tariff.

In denying Sunflower’s request for a rehearing and clarification of the July 2014 order, FERC said the cooperative’s request fell outside the order’s holdings.

“The complaint order principally rested on Sunflower failing to meet its burden of proof,” FERC said. “In contrast, Sunflower’s requests for clarification are general questions regarding the operation of the SPP Tariff. The requests are not specific to the instant proceeding and are inappropriate to raise at this late stage of the proceeding.”

## SPP to Push Regional Approach in First CPP Webinar

By Tom Kleckner

SPP’s Clean Power Plan (CPP) Task Force was given an advance look last week at a webinar that will open the dialogue with state and utility officials charged with implementing the Environmental Protection Agency’s CO<sub>2</sub> emission rule.

SPP is hosting the webinar Tuesday for air quality regulators, utility commissions and government contacts at its member utilities in each of the RTO’s 14 states. More than 70 had registered to attend as of last week.

SPP met its goal of having each state represented by at least one registrant, said SPP Vice President for Engineering Lanny Nickell, the RTO’s point person on the CPP.

“We want to introduce ourselves as an RTO, particularly to the air quality and environmental regulators,” Nickell said. “We have-

n’t done that before in a programmatic approach. They don’t all know who SPP is and how it works.”

### Southern States Slower to Embrace Regional Compliance

The webinar attendees will hear from SPP that state-by-state compliance with EPA’s final CPP rule will be more costly than regional compliance, and that more new generation and transmission infrastructure will likely be needed. In addition to being more expensive, SPP says state-by-state compliance would be more difficult for the RTO to manage.

Asked about the SPP states’ early plans, Nickell said, “The states in our north have expressed the most interest in working with each other.” Pausing, he said, “I don’t get that same sense from the states in the South.”

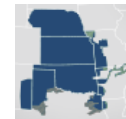
Several of SPP’s states — Arkansas, Kansas, Louisiana, Nebraska, Oklahoma and Texas — are led by Republican governors and legislatures that have pledged to battle EPA’s final rules rather than comply.

SPP’s Sam Ellis, who led a staff team that “pored over” the final rules, said states have flexibility under the regulations, but “they would lose it if they don’t implement their own plan.” EPA says it will implement a federal plan in the states that do not submit an “approvable” plan of their own.

### Trading Framework

The final rule provides a framework for trading of CO<sub>2</sub> allowances. Nickell is expected to tell the webinar attendees that there are merits to developing regional carbon trading markets and will encourage

*Continued on page 16*



## Ameren, Westar, Berkshire Hathaway Launch Competitive Tx Affiliates

By Tom Kleckner

Three new transmission developers affiliated with established utilities have entered the race for competitive transmission projects in the Midwest.

FERC this month conditionally accepted formula rate templates and related protocols for two new developers in SPP and one in MISO.

The commission acted on filings by ATX Southwest (ER15-1809), an affiliate of Ameren; Kanstar Transmission (ER15-2237), an affiliate of Westar Energy; and Midwest Power Transmission Arkansas (ER15-2236), whose parent is a joint venture of Westar and Berkshire Hathaway Energy.

Midwest Power set its sights on MISO, which expects to issue its first competitive solicitation under FERC Order 1000 as part of its 2015 [Transmission Expansion Plan](#).

ATX and Kanstar intend to compete in SPP, which issued a request for proposals May 5 for its first competitive upgrade, the 21-mile North Liberal-Walkemeyer 115-kV project in Kansas. (See [Walkemeyer Transmission Project Wins SPP OK](#).)

The commission approved the companies' proposed base returns on equity (ROE) for filing, setting them for hearings and settlement procedures.

Midwest Power was granted use of MISO's base ROE, currently 12.38%, subject to the outcome of complaints challenging the rate (EL14-12 and EL15-45).

ATX's request for a base ROE of 10.9% and Kanstar's requested 10.5% base were accepted for filing and set for hearing and settlement judge procedures.

All three companies also were awarded 50-basis-point adders for participation in an RTO, subject to the total ROE being within the "zone of reasonableness" established in the hearing and settlement procedures.

Also approved were the companies' hypothetical capital structures, 60% equity and 40% debt for Kanstar and Midwest, and 56-44 for ATX.

FERC denied ATX's request to recover costs related to transmission facilities abandoned for reasons beyond the entity's control and its request to include 100% of construction work in progress (CWIP) in its rate base during development and construction. It also denied ATX's request to include 50% of CWIP in its rate base for all transmission projects it is awarded through SPP's Order 1000 solicitation process.

FERC also denied Kanstar's request to recover 100% of costs associated with its proposed Walkemeyer project, should the company be selected to develop the project and it is later discontinued.

The commission announced its orders on Kanstar and Midwest Power at Thursday's open meeting.

### Unfinished Business

In a related order, the commission on Wednesday dismissed as moot a 2013 peti-

tion by the trade group WIRES seeking a generic "statement of policy" on regulated rates of return for transmission investments ([RM13-18](#)).

[WIRES](#), which represents transmission owners, made the petition in an attempt to counter a dozen complaints challenging as unjust and unreasonable the FERC-approved ROEs for transmission owners around the country.

The commission said it had addressed the issue in Opinion 531, its June 2014 ruling adopting a two-step discounted cash flow method for setting ROEs ([EL11-66-001](#)). (See [FERC Splits over ROE](#).)

The group issued a press release expressing disappointment in the commission's rejection of the petition.

"The downward pressure on ROEs has increased since Opinion No. 531, as have the uncertainties of ongoing litigation," said WIRES Counsel Jim Hoecker, a former FERC chair. "If other investments become more attractive to investors than transmission, the long-term impacts on the [Environmental Protection Agency's Clean Power Plan], renewable energy development and the commission's pro-market objectives could be significant."

With the number of would-be transmission developers continuing to grow, however, there's little evidence that the sector is having trouble attracting investment.

Among WIRES members: Berkshire Hathaway Energy.

## SPP to Push Regional Approach in First CPP Webinar

*Continued from page 15*

states to develop their own plans.

Ellis told the task force EPA will consult with "planning authorities" in developing the federal plan and accept comments on whether to include allowances for reliability emergencies. He said the agency believes its rate-based and mass-based approaches contain sufficient flexibility to mitigate reliability issues without having to seek extensions under the reliability safety valve.

"The EPA may not have considered interac-

tions between the federal plan and potential state plans for a given region," Ellis said.

The Clean Power Plan Task Force was formed under the Strategic Planning Committee's direction to review EPA's federal implementation plan and recommend the role SPP should play in assisting states' compliance. The group will also work to ensure regulators have a clear communications path to SPP.

"Our hope is SPP develops concepts and policies the states can embrace," said Michael Desselle, SPP's chief compliance and chief administrative officer and the task force's staff secretary.

The webinar is the beginning of SPP's communication effort. Besides the broad overview of SPP and its responsibilities, registrants will receive SPP's take on the CPP and a high-level overview of the three analyses it has already performed on the CPP — though, as Nickell noted, those assessments were done on the EPA's earlier draft rules. (See [SPP: State-by-State Compliance Would Hike Costs](#).)

"We want to talk about what we believe our role to be, and that's reliability," he said. "We want to encourage the regulators in our states to talk with us, and to do so early in the process."

## COMPANY BRIEFS

### ISO-NE Re-elects Board Members



ISO-NE said Chairman Philip Shapiro and board members Kathleen Abernathy and Roberta Brown have been re-elected, effective Oct. 1.

The RTO elects its board members through a nominating process that involves representatives from the current board, the New England Power Pool and the New England Conference of Public Utilities Commissioners.

Abernathy joined the board in 2012. Brown joined in 2007, while Shapiro joined in 2010 and was elected chairman in 2014.

More: [ISO-NE](#)

### Plains & Eastern Clean Line Nears Key Project Milestones



Clean Line Energy's Plains & Eastern Clean Line is nearing a milestone as it awaits a key

environmental report and the federal government's decision whether to participate in the project.

The Energy Department is expected to complete a final environmental impact statement by late October for the 720-mile transmission line, which would deliver electricity generated by planned wind farms in Oklahoma and Texas to utilities in Tennessee and the southeast. The department will then decide whether to participate in the \$2 billion HVDC transmission line. Under Section 1222 of the Energy Policy Act of 2005, the federal government can be involved with transmission projects to relieve electrical grid congestion or to increase transmission capacity.

Federal participation could range from operation, construction, development or ownership of some transmission assets. It would be structured through the Southwestern Power Administration, a federal agency that markets and transmits electricity from hydroelectric dams built by the U.S. Army Corps of Engineers to electric cooperatives, municipal electric authorities and other government users.

More: [The Oklahoman](#)

### Invenergy 386-MW Gas Plant Now Online in West Texas

Invenergy Clean Power earlier this month announced that its Ector County Energy Center, a 386-MW natural gas plant near Odessa, Texas, has begun operations.

The plant uses two GE 7FA simple-cycle combustion turbines fueled by Permian Basin natural gas. It is designed to provide peaking energy and respond quickly when ERCOT, the state's grid operator, requests additional power supply.

More: [Odessa American](#)

### NextEra Energy to Develop 300-MW Wind Farm in Texas



NextEra Energy has agreed to become the development partner of the Hale Community

Wind Energy project in West Texas, according to project developer Tri Global Energy. The \$7.3 million project encompasses more than 122,000 acres leased from about 350 landowners north of Lubbock.

Construction should begin in February or March, with the first turbines in operation by next summer. The project's first phase is expected to be completed by Thanksgiving 2016.

No announcement has been made concerning power purchase agreements for the project's expected 300 MW of generation. The energy production is expected to be used by municipalities, major corporations and electrical utilities. Hale Community Energy's location enables it to supply energy to two major national power grids, ERCOT and SPP.

More: [Plainview Daily Herald](#)

### PSO to Add Solar Capacity, Increase Use of Wind Power



Public Service Company of Oklahoma (PSO) expects to add up to 200 MW of solar capacity

and to bolster its wind offerings, according to a planning document outlined before regulators. The utility, which has 543,000 electricity customers in eastern and southwestern Oklahoma, presented its draft integrated resource plan at the Oklahoma Corporation Commission.

The plan represents PSO's "best guess" at what its capacity and generation mix will look like by 2024. The utility expects to boost natural gas generation, continue to add wind capacity and to make a foray into utility-scale solar. Those changes come along with expected reductions in demand from various energy efficiency and conservation programs.

PSO expects to finish installing smart meters throughout its system by the end of 2016. It also has a pending case before state regulators to get reimbursed for \$172 million in system investments and environmental compliance projects to meet federal regional haze rules and mercury and air toxics standards. If approved, the plan would increase residential customer bills 15% in the next year.

More: [The Oklahoman](#)

### Minnesota Power Announces First 2 Solar Gardens



Minnesota Power will build the Northland's first community solar garden next year, allowing customers to support solar energy without erecting solar panels on their homes or businesses.

The utility recently announced it will build a 40-kW solar array in Duluth that will be completed in 2016. The Duluth-based utility also plans a large 1-MW community solar array to be built by a contractor. Its energy production would be purchased by Minnesota Power and by customers who buy subscriptions. The two solar gardens — about 100 solar panels at the smaller site and 4,000 panels at the larger site — will generate enough electricity to power nearly 200 homes.

Both projects were submitted Sept. 10 to the Minnesota Public Utilities Commission, with approval expected in early 2016. Minnesota Power is required to comply with a state mandate to procure 1.5% of its retail electricity from solar energy by 2020.

More: [Duluth News Tribune](#)

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## COMPANY BRIEFS

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### Equipment Problem Forces Palisades Plant to Shut down Early



Entergy's Palisades Nuclear Power Plant shut down four days earlier than the planned date for a refueling outage because of an equipment problem.

The plant, near South Haven, Mich., automatically shut down Wednesday when instruments detected a problem with the turbine generator system, the company said.

The problem with the system will be fixed during the refueling outage, the company

said. During the planned outage, about a third of the reactor's 204 fuel assemblies will be replaced.

More: [MLive](#)

### Duke's Good Named to Fortune's Most Powerful Women List

Duke Energy President Lynn Good was ranked No. 13 on *Fortune's* Most Powerful Women list this year. The magazine noted that the 56-year-old chief executive has spent a large part of her time dealing with a massive coal ash spill and other environmental issues.



The magazine's online issue contained a video of a presentation she gave called, "How I dealt with an environmental disaster."

More: [Fortune](#)

### Dynergy Wins Slot in MISO Zone 4 Procurement, ICC Says



**DYNERGY**

The Illinois Commerce Commission named Dynergy as one of the winning suppliers of the Illinois Power

Agency's MISO Zone 4 Capacity Procurement event. Dynergy's share of the awarded capacity was not announced, and the clearing prices remain confidential. The auction sets capacity for the planning year 2016/2017.

"The results of this RFP further validates Dynergy's MISO investment thesis that the value of MISO capacity is rising as reserve margins tighten," CEO Robert C. Flexon said.

The weighted average price was \$138.12/MW-day. Total capacity provided by suppliers was 1,033 MW.

More: [Dynergy](#)

## FERC Charges Third Firm with UTC Scam in PJM

By Ted Caddell

FERC has charged a Pennsylvania-based power trading company with manipulating the PJM wholesale market by making risk-free up-to-congestion trades in the summer of 2010.

The [Notice of Alleged Violation](#) said Coaltrain Energy of Landenberg, Pa., executed up-to-congestion transactions "that were designed to falsely appear to be spread trades but that were in fact a vehicle to collect" line-loss payments from PJM. It said the company "sought not to profit from changes in price spreads but rather to profit by clearing large volumes of up-to-congestion transactions."

Coaltrain is the third company FERC has

charged recently with such trading violations, following actions against Powhatan Energy Fund of Pennsylvania and Florida-based City Power Marketing last year.

The notice named principal owners Peter Jones and Shawn Sheehan, along with traders Jeff Miller, Robert Jones, Jack Wells and Adam Hughes.

According to their LinkedIn profiles, and PJM and FERC records, Sheehan and Hughes are currently affiliated with XO Energy, a PJM member, and formerly worked at Energy Endeavors, another company that PJM has accused of manipulative UTC trades. XO and Energy Endeavors have listed the same Landenberg address as Coaltrain.

Jones also was affiliated with Energy

Endeavors.

PJM sued Energy Endeavors in Delaware Superior Court seeking the return of more than \$6 million in line-loss profits. The same complaint sought \$17 million from City Power Marketing. The docket lists no filings since 2013, when the court [denied](#) the defendants' request to stay the proceedings. PJM's most recent [financial statement](#) indicates it is still attempting to collect the money — among a total of \$28 million in defaults resulting from line-loss payments later questioned by FERC.

Energy Endeavors [asked](#) FERC in 2011 to cancel its market-based rate authority, saying it had ceased trading activities.

Sheehan did not immediately return a call for comment.

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## FEDERAL BRIEFS

### Portland General Electric May Join CAISO Imbalance Market

Portland General Electric said Friday it will explore joining CAISO's Energy Imbalance Market (EIM).

The EIM currently provides least-cost dispatch in California and parts of Oregon, Washington, Utah, Idaho and Wyoming, with Nevada-based NV Energy scheduled to join Nov. 1. Puget Sound Energy in Washington and Arizona Public Service plan to join in October 2016.

Also last week, the CAISO Board of Governors approved a proposed governance structure for the EIM. The governing body would have five members charged with representing real-time market participants' interests, regardless of location. Changes in EIM market rules would have to be approved by the governing body and the ISO board before being filed with FERC.

More: [CAISO](#)

### Atlantic Coast Pipeline Files for Construction Permit with FERC

The owners of the Atlantic Coast Pipeline filed a formal request to FERC to construct the \$5.1 billion, 564-mile pipeline to transport natural gas from the shale region of West Virginia to the Virginia and North Carolina coasts.

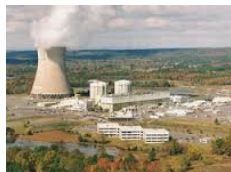


The owners, led by Dominion Resources and including AGL Resources and Piedmont Natural Gas, pre-filed the application about a year ago. Dominion, the operator, said it hopes to begin construction by the second half of 2016 and to complete it by the end of 2018.

The 30,000-page application asks FERC to declare the pipeline as a public benefit and necessity, which would allow the project to use eminent domain to obtain rights of way. Dominion says it has completed about 85% of the surveying for the project.

More: [Richmond Times-Dispatch](#)

### NRC Downgrades Arkansas One, Pilgrim Nuclear Plants



Arkansas One nuclear plant Source: NRC

A look at the 99 operating nuclear generating stations in the U.S. in the first half of 2015 showed that 75 were operating at high levels and within all security and safety parameters, according to the Nuclear Regulatory Commission. A further 21 needed to resolve one or two low-significance safety items and will need an additional inspection, according to the commission.

But Arkansas Nuclear One Units 1 and 2 and Pilgrim nuclear plant were ranked substantially lower, on the commission's "Multiple/Degraded Cornerstone Column," or Column IV. Column V is "Unacceptable Performance Column" and calls for a plant to be shut down.

Pilgrim was marked down because of long-standing low-to-moderate safety findings. The plant's operators are considering whether they can afford the costly upgrades and repairs required. If not, they say, they may shut down the plant.



Pilgrim nuclear plant Source: NRC

Entergy, owner of Arkansas One, is set to brief the commission on steps it has taken to prepare for a major inspection of the plant. An NRC spokesman said about two dozen inspectors are expected to work "many weeks" to perform the full inspection.

NRC issued the poor rating for the plant after a fatal accident in March 2013, when a 500-ton generator part fell and crushed a worker and injured others. The incident also resulted in flooding in some parts of the plant.

More: [Power Engineering Magazine](#); [KUAR](#); [The Boston Globe](#)

### Obama Administration Pledges \$120 Million for Solar, Renewables

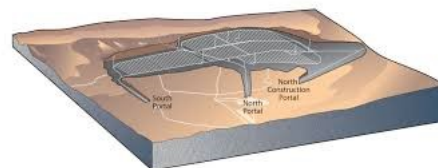
The Obama administration has pledged \$120 million in funding to advance solar and other renewable energy technologies. The Department of Energy will oversee most of the programs, which are aimed at boosting solar in 24 states.

The White House noted that 734,000 homes now have solar panels, compared to 66,000 when President Obama came into office.

"President Obama and Vice President Biden are committed to promoting smart, simple, low-cost technologies to help America transition to cleaner and more distributed energy sources, help households save on their energy bills and to address climate change," the White House said in a fact sheet outlining the efforts.

More: [The Hill](#)

### Nevadans Show up to Question NRC Report on Yucca Mountain



Nearly 100 people turned out at a public meeting to dispute a recently released Nuclear Regulatory Commission report that concluded that there would be "a negligible increase" in health risks if the Yucca Mountain underground nuclear waste repository were completed.

Richard Bryan, chairman of the Nevada Commission on Nuclear Projects, said the state was "steamrolled" into accepting the site, and said he's not ready "to gamble on the health and safety of Nevadans" when it comes to Yucca Mountain.

The project is at a standstill, after the Obama administration cut off its funding in 2010.

More: [Las Vegas Review-Journal](#)

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## FEDERAL BRIEFS

*Continued from page 19*

### FERC, NRC Holding Joint Meeting in October



FERC and the Nuclear Regulatory Commission are holding a joint meeting Oct. 21 at FERC headquarters in Washington. The two sets of commissioners will hold discussions during the first portion of the meeting, followed by staff presentations.

Representatives of the North American Electric Reliability Corp. are also expected to participate.

More: [FERC](#)

### NRC says PSEG's Salem 1 Shutdown Issues Addressed

The Nuclear Regulatory Commission said that it is satisfied that PSEG Nuclear had addressed the issues that caused a series of unplanned shutdowns at the company's Salem 1 station in Lower Alloways Creek Township, N.J., which prompted a higher level of attention from the regulatory agency.

NRC regulations call for a full review if a plant has more than three unplanned shutdowns in 7,000 hours of operation. Salem 1 had a fourth shutdown on Oct. 19. NRC said the company added new employee training to address the issues. The level of NRC oversight at the plant has dropped back down to normal levels.

More: [NJ.com](#)

### Nation's Utilities Perform Well After Fed Interest Rate Ruling

The stock prices of the nation's electric utilities outperformed every other industrial sector following the Federal Reserve's decision not to raise interest rates on Thursday.

The industry and investors were watching for the decision because utility stocks historically perform poorly when interest rates increase. The industry is capital-intensive, and utilities typically have to wait for rate increases to catch up with any interest rate increases.

"Interest rate increases are historically negative for utility stocks," said Kit Konolige, a Bloomberg Intelligence senior utility analyst. "They react a lot like the way the bond market does when interest rates rise, which is negative."

More: [Bloomberg Business](#)

## STATE BRIEFS

### DELAWARE

#### Partnership Adds 11 EV-charging Stations



Eleven new electric vehicle charging stations have been added at five locations under a program called "Charging Up Delaware," a partnership between the University of Delaware and the Delaware Department of Natural Resources and Environmental Control. It brings the number of charging stations in the state to 21.

"It's 96 miles from the northern tip of New Castle County to the southern end of Sussex County," said Mohsen Badiy, acting dean of UD's [College of Earth, Ocean and Environment](#). "Completing the Delaware network for electric vehicles traveling in or through the First State complements regional electric chargers clustered in metropolitan areas of the Mid-Atlantic region like Philadelphia and Baltimore."

For a map of EV stations, visit [Plugshare.com](#).

More: [UDaily](#)

### ILLINOIS

#### ICC Grants Approval to Ameren's \$150M Tx Line



The Commerce Commission has granted a certificate of public convenience and necessity to the \$150 million Spoon River Transmission Project. The 345-kV transmission line is being built by Ameren Transmission Company of Illinois (ATXI), a subsidiary of St. Louis-based Ameren.

The line, which will be built using single-shaft steel poles, will span 46 miles in the state between Galesburg and Peoria. Construction is expected to start in late 2016 and scheduled to be completed in 2018. The project is estimated to support about 100 construction jobs.

MISO previously approved the line in 2011.

More: [Ameren](#); [St. Louis Post-Dispatch](#)

### INDIANA

#### Duke, Consumer Groups Reach \$85M Settlement on Edwardsport

Duke Energy Indiana, in a settlement with several consumer groups, agreed not to pass on to consumers \$85 million in operating



costs from its 618-MW Edwardsport coal gasification power plant in Knox County. The consumer groups had charged that the utility had rushed the plant into service early in 2013 in order to count some construction costs as operating expenses.

The settlement, announced Friday, still needs the approval of the Utility Regulatory Commission. The company has agreed to commission hearings on the matter, and Duke said it expects a final decision next year. The \$3.5 billion plant is the first coal-fired generation to be built in the state in two decades. It is designed to gasify coal, remove the pollutants and use the cleaner gas to generate electricity.

An earlier commission settlement capped construction costs that could be passed through to consumers at \$2.595 billion. At the time, the company agreed to shoulder \$900 million in construction costs.

More: [Indianapolis Star](#)

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# STATE BRIEFS

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## IOWA

### Thrice Rejected Wind Farm Plan Shows up Again



Optimum Renewables really, really wants to build a wind farm in the state.

The Des Moines-based company's plan for a small, three-turbine wind facility has been turned down by three counties so far — Fayette, Buchanan and most recently Black Hawk. The company is once again asking Black Hawk for permission to construct the facility on a farm near the Black Hawk-Buchanan county line.

A hearing on the proposal is scheduled for Oct. 20.

More: [KCCI News](#)

## MAINE

### PUC Shoots Down Emera's Bid for \$15.4 Million Tx Line



Emera Maine wanted to build a \$15.4 million transmission line from Monticello

to New Brunswick, but the Public Utilities Commission unanimously ruled against it.

The three-member commission estimated that it would cost the average ratepayer about \$34.07/year and argued that there were cheaper alternatives. The commission suggested that Emera work with Algonquin Power to upgrade a transformer on its system in Canada, which would cost customers only \$1.94/year, according to commission estimates.

More: [Bangor Daily News](#)

## MARYLAND

### SMECO Requests Rate Increase

Southern Maryland Electric Cooperative is asking for a 4.45% increase to its distribution service rates, the first rate request in more than five years.

The additional revenue would help strengthen the grid and improve service reliability, SMECO said. If approved, the

rates would take effect in March.

More: [SMECO](#)

## MICHIGAN

### Saginaw Approves \$1.8 Million Plan To Replace Streetlights with LEDs

The Saginaw City Council approved a plan to spend \$1.2 million on LED streetlights and another \$600,000 to hire a company to install them. The city said it will save about \$440,000 a year on street-lighting costs after the switch.

The council said it plans to use the savings to pay down debt on the \$5 million bond it is using to finance several projects. The city anticipates having \$140,000 in total annual savings after the payments.

The project is scheduled to start in November and be completed next spring.

More: [MLive](#)

## MINNESOTA

### State Appeals Court Sends Sandpiper Pipeline Back for Review



The state Court of Appeals ruled that the proposed

Enbridge Sandpiper oil pipeline must go back to the Public Utilities Commission for a full environmental review, after the PUC already approved the project. The ruling strips a certificate of need for the proposed \$2.6 billion, 610-mile pipeline that would run from North Dakota to Wisconsin.

The court ruled that giving approval to the project constitutes a "major governmental action" and must therefore undergo a full environmental impact study before getting PUC approval, something that wasn't done previously. Enbridge had hoped to start construction on the pipeline next year.

Enbridge has not yet indicated whether it will appeal.

More: [Star Tribune](#)

## MONTANA

### Regulators May Change Rules To Help Boost Wind Development

The Public Service Commission is considering a change in regulations that could make it easier for smaller wind energy projects to

get started. The change was requested by Greycliff Wind Prime, which wants to build a 25-MW project near Big Timber but has had trouble securing a contract with NorthWestern Energy, the state's largest utility.



Greycliff said a Public Utilities Commission rule that requires a competitive bidding process for any renewable project larger than 3 MW is making it harder for smaller projects to get a contract, because NorthWestern has few bidding events. FERC ruled last year that that particular requirement poses an "unreasonable obligation obstacle."

The PSC voted 3-2 to review the rule and possibly change it. "I'm committed to solving the problem in some way, shape or form," Commissioner Travis Kavulla said.

More: [MTN News](#)

## NEW JERSEY

### Salem's Cooling Water Intake Criticized



Opposition is heating up against renewing a permit allowing PSEG's Salem nuclear plant to continue to draw 3 billion gallons per day from the Delaware River to meet its cooling-water demands.

Delaware Riverkeeper, an environmental advocacy group, submitted a detailed critique of the practice to the Department of Environmental Protection on the final day of the public response period. "Salem is surpassed in its impingement and entrainment impacts on fish by only one other facility in the nation," a power plant in Florida, said Maya van Rossum, the Riverkeeper's director.

Salem's permit expired in 2006, but the plant has been allowed to operate pending a decision on the "best available technology" to mitigate its environmental impact.

More: [The News Journal](#)

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# STATE BRIEFS

*Continued from page 21*

## NEW MEXICO

### Gov. Martinez Unveils Broad Energy Policy

Gov. Susana Martinez unveiled a broad “all-of-the-above” [plan](#) Sept. 14 to develop the state’s energy resources, the first such comprehensive policy outline for the state in 25 years.



Martinez

The governor recommended a broad array of strategies and policies that include traditional fossil fuels such as oil, natural gas and coal; renewables like wind and solar; and new technologies, such as “small modular reactors” to harness nuclear energy.

Responses to the plan are likely to be varied, given the broad range of policies it promotes. Environmental organizations could take issue with some fossil fuel development strategies, such as a recommendation to export coal from mines to sustain that industry as coal consumption by local utilities declines. Potential future deployment of small modular reactors, an emerging technology that must still be approved by the federal Nuclear Regulatory Commission, also could prove controversial.

More: [Albuquerque Journal](#)

## NEW YORK

### Brattle Group says Nuclear Power Brings \$2.47 Billion to State

A recent report by the nuclear industry-sponsored Brattle Group says that the state’s six nuclear generating reactors bring \$2.47 billion to its gross domestic product. A report released by the group in July tagged the national contribution at \$60 billion.

The Brattle Group said the six reactors — Entergy’s FitzPatrick and Indian Point 2 and 3, and Exelon’s R.E. Ginna and Nine Mile Point 1 and 2 — provide 5,000 MW of generation and nearly 42 million MWh of annual generation. It said the industry supports 18,000 jobs in the state, contributing \$113 million in state tax revenue a year.

More: [Nuclear Street](#)

## NORTH CAROLINA

### Regulators to Consider Approving Turkey Poop-to-Energy Project

Prestige AgEnergy is preparing a proposed project to turn turkey droppings into a combustible fuel for a 1.6-MW plant.

The plant, if approved by the Utilities Commission, would be the first to convert poultry manure to a gas, rather than burning the droppings and litter. If approved, it would help the state reach its renewable energy mandate, a goal set in 2007.

Prestige proposes to gasify turkey waste from more than 50 farms in eastern North Carolina. It has yet to reach an agreement with Duke Energy Progress to purchase the plant’s energy.

More: [News & Observer](#)

## OHIO

### PUCO Staff Opposes FirstEnergy Guaranteed Income Plan

The Public Utilities Commission staff said Friday that FirstEnergy’s request to shift the risk of some of their costly power plants to ratepayers is not in the public’s best interest. FirstEnergy wants a 15-year contract to buy the output of a coal and nuclear plant from FirstEnergy Solutions, its unregulated subsidiary.

A PUC staffer submitted testimony Friday that said the proposal isn’t acceptable in its present form. The recommendation has implications for a similar request by American Electric Power, which wants an income guarantee for some coal plants. AEP case’s hearing is set to begin on Sept. 28.

Hearings in the FE case started in late August. The five-member commission is not bound by the staff ruling, but it must take it into consideration.

More: [Columbus Business First](#); [Columbus Dispatch](#)

### Siting Board Authorizes 800-MW Combined-Cycle Plant in Lordstown

The Power Siting Board approved Clean Energy Future’s plan to build an 800-MW natural gas-fired combined-cycle plant in the Lordstown Industrial Park, northwest of Youngstown. Clean Energy Future said the plant will connect to the American Transmission Systems grid.

Construction is set to begin this year, and the \$850 million plant is scheduled to be operational by May 2018. The Public Utilities Commission has already approved the plant.

More: [Youngstown Vindicator](#)

## PENNSYLVANIA

### Sessions Let Public Weigh In on Clean Power Plan

The state held its first “listening session” last week about implementation of the Clean Power Plan. The three-hour meeting was the first of 14 scheduled throughout the state, where interest groups and private citizens will get a chance to have the ear of the Department of Environmental Protection.

DEP is seeking input on such issues as how to measure compliance, whether the state should join an emissions-trading program and how it can best use energy efficiency and renewables in meeting the goals of the carbon-cutting plan.

DEP is accepting public comments, including written submissions to its [website](#), until Nov. 12.

More: [StateImpact](#)

## VIRGINIA

### Appalachian Power Seeks Approval For \$50 Million Transmission Line

Appalachian Power says it will ask the State Corporation Commission for permission to upgrade and expand a \$50 million transmission line near Abingdon. The project would upgrade six substations, as well as add 11 miles of new transmission line.

The company said the upgrades are needed to meet growing power demand in the region. “The electric needs of the town of Abingdon and Washington County are growing,” said Mary Begley, Appalachian Power external affairs manager. “Work that Appalachian is planning will address those needs and provide a transmission grid capable of handling future growth. This investment in our system provides Abingdon and Washington County with a network that can help attract new businesses to the area while allowing existing companies to compete and expand.”

More: [SWVAToday](#)



# DC Mayor Tight-Lipped on Exelon-Pepco Deal

*Continued from page 1*

rallied in front of the mayor's office to urge Bowser to "stand firm" against Exelon and Pepco, amid talk that the companies are lobbying her administration with extra concessions designed to secure her support before they request that the D.C. Public Service Commission reconsider the deal.

Councilwoman Mary Cheh said that the companies want to be able to go before the PSC with the mayor and city's attorney general saying that additional ratepayer credits — "or whatever little kind of trinket they're going to throw our way" — now make the deal in the public benefit.

"Right now, believe me, sort of slithering around the district building and other parts of our government are Exelon and Pepco representatives trying to work out some deal that will steal from us the victory that we won on the merits before the Public Service Commission," Cheh said.

Last week, Exelon placed full-page ads in *The Washington Post* proclaiming that the "merger is too important to fail," which op-



Protesters listen as Advisory Neighborhood Commission 4B Commissioner Judi Jones speaks. © RTO Insider

ponents at the rally held up as evidence that the companies have not given up.

But even as *The Post* reported Friday that administration officials are internally discussing whether a revamped deal is possible and that Pepco has warned the administration that rates would go up if the deal was not approved, Bowser has remained taciturn. Cheh told *RTO Insider* that the council has been "left in the dark" by the mayor.

Speaking on the *Kojo Nnamdi* radio show Friday, Bowser declined to say whether she's had any discussions with Exelon, only saying that she agreed with the PSC's decision last month that the deal, as proposed, was not in the public interest. (See *DC Halts Exelon's Acquisition of Pepco Holdings*.)

Bowser also declined to say whether she wanted to support the merger. Noting that other states have approved the deal with concessions, she said, "We're not them. And it's always been my position that they have to have in front of us something specific to the District of Columbia that addresses my concerns."

But ultimately, Bowser said, "whether I think they come to terms or not, the Public Service Commission has to approve or disapprove the merger and then it would follow the legal course beyond that."

The PSC would have 30 days after the companies file an appeal to make a decision. The companies could turn to the courts as a final recourse, Bowser acknowledged.

"We continue to hear from both sides and our position hasn't changed — any merger has to be in the best interest of district residents and taxpayers," Bowser spokesman Michael Czin said in a statement.

"Today we just have two words for Mayor Bowser: Madame Mayor, stand firm," said the Rev. Earl D. Trent, pastor of the Florida Avenue Baptist Church, at Thursday's rally. "Stand firm; do not settle for the quick fix. Stand firm against the blistering winds of compromise that Exelon is surely offering. ... Stand firm and back the PSC's decision. Your constituents have clearly spoken."



Delvone Michaels, D.C. Working Families © RTO Insider

## RTO Insider

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### MRC/MC Preview

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

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

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

See [PJM Proposes Operating Reserve Changes to Cut Uplift](#)



- **Voting summaries**

#### Trading Limits

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

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

- **Federal and state regulatory news briefs**

#### OHIO

##### Industry Likes Efficiency Rule, Wants Spending Cap

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

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

More: [Columbus Business First](#), [The Columbus Dispatch](#)



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#### Current Capacity Imports OK: Study

October 1, 2013  
PJM should be able to absorb the more than 7,000 MW of imports that cleared in May's capacity auction for 2016-17, officials said. [more](#)

#### PJM Likely to Limit Capacity Imports

September 17, 2013  
PJM will seek to set a limit on capacity imports before next year's Base Reliability Auction under a [problem statement](#) approved Thursday by the Planning Committee. [more](#)

#### PJM to Consider Storage as Capacity

October 1, 2013  
Members agreed to consider new rules to allow batteries, flywheels and other advanced storage technologies to bid in the capacity market. [more](#)

#### Installed Reserve Margin May Increase for 2014

September 17, 2013  
PJM's recommended Installed Reserve Margin (IRM) will increase slightly because of the increasing alignment of the RTO's peak demand with demand outside of the region, according to a [preliminary analysis](#) presented to the Planning Committee Thursday. [more](#)

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Your Eyes and Ears on the Organized Electric Markets