RTO Insider

Your Eyes and Ears on the Organized Electric Markets

ISO-NE ■ MISO ■ NYISO ■ PJM ■ SPP

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PJM Members Committee meets during the RTO's Annual Meeting in May. © *RTO Insider*

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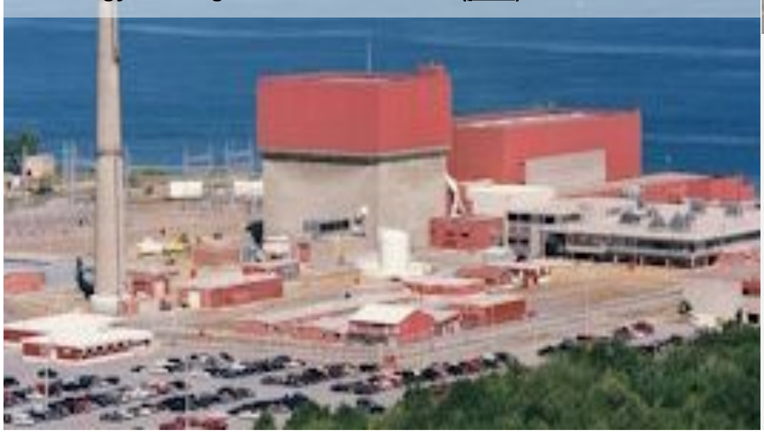

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SPECIAL REPORT: RTO Transparency

OPINION: Why RTO Transparency Matters

New England Out of Step in Barring Press, Public

By Rich Heidorn Jr.

It was about a year ago that *RTO Insider* began expanding its coverage beyond PJM to the other ISOs and RTOs in the Eastern Interconnection. We now have reporters based in PJM, SPP, MISO and New England (covering New York and ISO-NE) as well as Washington. And we're planning to continue our expansion by initiating regular coverage of ERCOT and CAISO.

With the National Association of Regulatory Utility Commissioners holding its annual meeting this week, we thought it would be a good time to offer some perspective on our experience covering the grid operators.

The idea for *RTO Insider's* focus on stakeholder meetings came several years ago, when I attended a PJM Markets and Reliability Committee meeting in Wilmington, Del., while conducting a compliance audit of the RTO for FERC's Office of Enforcement. With dozens of stakeholders arrayed in two concentric U-shaped sets of tables equipped with microphones, the meeting room resembled the United Nations.

The stakes aren't as large of course — *only* 21% of U.S. GDP is produced in the 13 states PJM serves.

PJM board member Sarah Rogers speaks as Chairman Howard Schneider listens during the annual meeting between the board and consumer and environmental groups in May. Although individual board members occasionally attend PJM stakeholder meetings, they rarely speak in public. © *RTO Insider*

RTOs' Hybrid Role

Like other RTOs and ISOs, PJM occupies a unique, hybrid role — not a government, but not a wholly private organization either. (See sidebar, *RTOs: 'A Form Between Government and Business.'*)

RTOs make decisions worth billions of dollars, decisions that have a direct impact on the electric bills of millions of ratepayers and an indirect effect on a region's economy.

But few who are affected by these decisions can afford to send a representative to the hundreds of meetings PJM and other RTOs hold. The mission of *RTO Insider* is to provide a fair, accurate account of the stakeholder debates to help those outside the room monitor issues that matter to them.

I'm certain more than a few PJM stakeholders were apprehensive when we started attending stakeholder meetings in early 2013. But — since settling a little disagreement with PJM over our publication's original name — we have had good relations with both PJM and its stakeholders.

The relationship has been aided by the trust that resulted from PJM's media participation rules, which require us to share stakeholders' quotes with them prior to publication to ensure accuracy. At all but the two PJM senior committees, stakeholders also have the right to refuse permission to quote them by name or company affiliation (Section 4.5 of Manual 34).

The rules gave me my own apprehensions. But in practice, very few stakeholders invoke the quote veto. Most appreciate having their views communicated. It has also helped us limit factual errors and misunderstandings from lack of context.

In fact, we have voluntarily adopted the "quote check" as an *RTO Insider* Code of Conduct in MISO, SPP and NYISO, and we

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RTOs: 'A Form Between Government and Business'

What is an RTO?

In a 2007 article in the *Energy Law Journal*, Michael H. Dworkin and Rachel Aslin Goldwasser gave perhaps the definitive answer, describing RTOs as "larger than states but smaller than nations, [taking] a form that is between government and business, thus creating serious accountability problems."

"Unlike governments, which must answer either directly to the electorate or to the people's representatives, RTOs are not subject to elections or legislative confirmation processes," they noted.

Their article suggests RTOs can be viewed through several lenses, "as agents of the FERC, as monopolists or private regulated entities, as 'hybrid' organizations, as similar to commodities trading markets, as agents of some of the market participants, and as planning processes."

Dworkin

"Because confidence in the RTOs is vital to their success, stakeholders and members of the public needed to see them as independent actors dedicated to the public interest," they write.

FERC gave much thought to the nature of RTOs in the rulemaking that led to Order 2000, which set minimum requirements for the organizations. FERC was concerned, they write, that "the potential for undue discrimination increases in a competitive environment unless the market can be made structurally efficient and transparent with respect to information and equitable in its treatment of competing participants."

In the order, FERC noted that industrial consumers (the Electricity Consumers Resource Council, the American Iron & Steel Institute and the Chemical Manufacturers Association) had argued "that market participants must perform monitoring and, accordingly, an RTO's operations should be fully transparent."

The America Public Power Association told FERC in the rulemaking that the grid operators "still represent the interests of the transmission owners that formed" them. APPA said FERC should view RTOs as "regional monopolies that it must vigorously regulate, not regional extensions of the commission itself."

Since the order, the authors noted, "there has been a chorus of questions regarding

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SPECIAL REPORT: RTO Transparency

RTO/ISO Transparency

	PJM	MISO	ERCOT	NYISO	ISO-NE/ NEPOOL	CAISO	SPP
Most stakeholder meetings open to press/public?	Yes[1]	Yes[4]	Yes	Yes	NO[5]	Yes	Yes
Remote attendance by press/public	Yes	Yes	Yes	Members & guests only	Yes (for those meetings open to press)[5]	Yes	Yes
Board of Directors Meetings	CLOSED[2]	Open	Open	CLOSED	CLOSED[6]	Open	Open
Photos, audio recordings permitted?	Recordings not permitted; photos discouraged[3]	Photos usually permitted with prior notification; Recordings not permitted.	Permitted at some meetings w/prior consent	NO	Yes (for some meetings open to press)[7]	Yes	Yes
Webcast/video for remote attendance?	Video (MRC/MC, MIC); other meetings: audio & slides	Audio & slides	Video (Technical Advisory Comm. & Board); other meetings: audio & slides	N/A	Audio & slides	Audio only	Audio only
Meeting recordings archived?	NO	NO (except Informational Forum, some workshops)	NO (except TAC and Board meetings)	NO	NO	NO	NO

NOTES

Grid operators may close executive sessions (such as discussions of legal or personnel matters) and those dealing with Critical Energy Infrastructure Information (CEII).

[1] Liaison Committee meetings are closed.

[2] Individual PJM Board members attend stakeholder meetings but rarely speak in public except at annual meetings of PJM and the Organization of PJM States Inc. (OPSI).

[3] Photos are permitted at PJM General Sessions and other parts of the Annual Meeting. Although there is no formal prohibition on photography at stakeholder meetings, "photos are discouraged due to the potential for distraction of business activities."

[4] Some working group meetings and Finance Subcommittee meetings are closed as are those of the Reliability Working Group.

[5] The only ISO-NE-hosted meetings that are open are the Consumer Liaison Group (CLG), which meets quarterly; the annual Regional System Plan public meeting; and the Planning Advisory Committee, which meets once or twice monthly. PAC meetings include material classified as CEII, which cannot be discussed publicly or reported on. No other grid operators covered by *RTO Insider* have designated planning materials as CEII.

[6] Board meets formally several times a year with NEPOOL stakeholders.

[7] Yes at CLG meetings and Regional System Plan forum. PAC meetings: No audio; photos allowed with permission of the chair and no objection from the attendees.

ISO-NE and NEPOOL on Transparency

ISO-NE and the New England Power Pool (NEPOOL) bar the public and the press from virtually all of their stakeholder meetings. They are the only one of the seven regional electric grid operators in the U.S. to do so.

New England is unique in its hybrid structure. NEPOOL, created in 1971, has more than 440 members (about 260 voting members) including utilities, independent power producers, marketers, load aggregators, end users and demand resource providers. ISO-NE was formed in 1997 at NEPOOL's suggestion — and with FERC's approval — to administer the region's Open Access Transmission Tariff. ISO-NE describes NEPOOL "an advisory body" to the RTO.

NEPOOL's four principal committees — the Participants, Markets, Reliability and Transmission committees — met 76 times and took almost 300 votes in 2014, according to the organization's annual report. None of the meetings were open to the public or press.

The only ISO-NE-hosted meetings that are open are the Consumer Liaison Group, which meets quarterly; the annual Regional System Plan public meeting; and the Planning Advisory Committee, which meets once or twice monthly.

"However, virtually every PAC meeting includes presentation and discussion of material that is classified as Critical Energy Infrastructure Information (CEII)," ISO-NE spokeswoman Marcia Blomberg told *RTO Insider*. "As you know, CEII materials can't be discussed publicly, reported upon or distributed."

No other region covered by *RTO Insider* considers planning committee materials CEII[1]. In fact, we have received their blessings to reproduce documents such as transmission project maps to illustrate our articles. (Blomberg said the RTO can provide some maps and other materials that don't disclose CEII, with determinations made on a case-by-case basis.)

NEPOOL Secretary David T. Doot told *RTO Insider* that while his group's meetings are not public, "all meeting materials, including agendas, supporting materials (to the extent they are not confidential), and notices of all actions taken by each committee," are posted on the NEPOOL website. Doot said he is willing to answer reporters' questions before or after the meetings.

Indeed, NEPOOL provides unusually detailed meeting minutes. Its account of the Sept. 11 Participants Committee, for example, ran more than 20 pages.

We're not suggesting NEPOOL or ISO-NE has anything to hide. So why do anything that makes it look that way?

— Rich Heidorn Jr.

[1] FERC defines Critical Energy Infrastructure Information in the Code of Federal Regulations:

(1) Critical energy infrastructure information means specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that:

(i) Relates details about the production, generation, transportation, transmission, or distribution of energy;

(ii) Could be useful to a person in planning an attack on critical infrastructure;

(iii) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and

(iv) Does not simply give the general location of the critical infrastructure.

(2) Critical infrastructure means existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.

SPECIAL REPORT: RTO Transparency

Why RTO Transparency Matters

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will do the same when we expand to CAISO and ERCOT.

New England an Outlier

Why haven't we done so in ISO-NE? It's not because we don't like New England. My daughter is in law school in Boston, so I'm always looking for reasons to go there.

It's because ISO-NE and the New England Power Pool (NEPOOL) — alone among all the grid operators in the U.S. — don't allow the press or the public to attend meetings. (See sidebar, *ISO-NE and NEPOOL on Transparency*.)

ISO-NE is a FERC-approved creation of NEPOOL, which began central dispatch of generation in the region in 1971. ISO-NE, created in 1997, refers to NEPOOL as "an advisory body" to the RTO.

"NEPOOL is a private organization and its meetings (including the Markets Committee, Transmission Committee and Reliability Committee) are private," said ISO-NE spokeswoman Marcia Blomberg.

NEPOOL Secretary David T. Doot, an attorney with Day and Pitney, told *RTO Insider* that while there are no NEPOOL bylaws or other documents that prohibit the press, "it has been the recognized practice in the pool for the almost 30 years I have been representing NEPOOL."

How can this be? FERC decided in Order 2000 to set only "minimum characteristics and functions" for RTOs but to allow RTOs to vary in their rules and governance structures.

We respect ISO-NE and believe it runs a first-rate operation. No RTO has a better communications department or website. NEPOOL posts unusually detailed minutes of its meetings, which are publicly available.

But these are no substitute for true transparency — the kind that can only come by allowing public and press access to stakeholder discussions. ISO-NE is as essential to its region as every other RTO, and its legitimacy depends on public trust.

We believe that ISO-NE's fears of press coverage are unfounded, and our experience in PJM is proof. PJM's rules were the result of a compromise between those who stressed the importance of transparency and those who feared the presence of the press would have a "chilling effect" on stakeholder discussions. Anyone who has read a single issue of *RTO Insider* can tell that our presence has scarcely affected the willingness of stakeholders to vigorously argue their case. This transparency also serves to undermine the claims of some critics that PJM is a shadowy "cabal" into which consumers have no input.

Is there some self-interest in our crusade for transparency? No doubt. We are in the transparency business and make no apologies about it.

The stakeholders in the regions we cover have repeatedly expressed their appreciation for *RTO Insider's* commitment to accuracy and fairness. In fact, our *business model* requires it. Our subscribers include state regulators, consumer advocates, environmental groups and industrial consumers as well as transmission owners and independent power producers. None would subscribe if they didn't believe us to be both balanced in our coverage and accurate on the details.

(That is not to say we always get it right, as evidenced by the two corrections in this week's newsletter.)

ISO-NE and NEPOOL aren't the only organizations who could improve their transparency.

At a FERC technical conference last month on MISO's capacity market, Tyson Slocum, director of the energy program at consumer group Public Citizen, complained that attending stakeholder meetings by phone was an inadequate way to participate because speakers fail to identify themselves.

"There is no transcript made available of these meetings at any time. As a result, there is very little public record about the details of what is driving decisions within this process," he said. "It is essential that as a part of any capacity market reform that you look at stakeholder process reform because you are entrusting a private organization to represent all shareholders that are affected by policy."

We'd also like to see NYISO change its rule prohibiting reporters from covering meetings except in person. (While we prefer to cover meetings in person, it is not always possible.) We'd also like to see PJM's Board of Managers meet in public, as MISO's and SPP's do to no ill effect. And we'd like to see all restrictions on audio recordings eliminated. (Having a recording only helps us ensure accuracy.)

That said, ISO-NE/NEPOOL is the outlier among the RTOs and ISOs in the U.S. We take no pleasure in singling them out and hope we won't have to report a similar disparity a year from now.

So to those within ISO-NE and NEPOOL who are opposed to opening your meetings, we say, let us in. The water's fine.

RTOs: 'A Form Between Government and Business'

Continued from page 2

RTOs, their efficacy and their governance," including reports by APPA and PJM stakeholders that argued that RTOs were not sufficiently accountable.

"The Energy Consumers Resource Council, a consortium of large industrial users, also produced a white paper questioning the ability of current RTO structures to provide real market solutions and claimed that 'governing structures of the organized markets are skewed to benefit suppliers.'

"It is important to note," the authors added, "that many of these 'large consumer' groups were originally supportive of restructuring and the RTOs."

Dworkin, former chairman of the Vermont Public Service Board, is a professor and director of the Institute for Energy and the Environment at Vermont Law School.

Dworkin said yesterday that FERC "delegates great discretion to RTOs; and the RTOs' exercise of that discretion is heavily influenced by the meetings of its stakeholders… The system would be far healthier if the people and businesses that will be affected can learn what was and wasn't said about the issues that may well affect them."

Goldwasser, a Vermont Law graduate, was a law clerk to a U.S. District Court judge in Maine when she co-authored the article. She is now executive director at the New England Conference of Public Utilities Commissioners (NECPUC). She declined to comment.

— Rich Heidorn Jr.

2nd Annual Northeast Energy Summit

Ahead of Most, Northeast Still Faces Clean Energy Challenges

By William Opalka

BOSTON — The Northeast may be further along than most regions in meeting the Environmental Protection Agency's new carbon emission rules, but it also faces challenges, speakers at Infocast's 2nd Annual Northeast Energy Summit agreed. About 60 people attended the conference Oct. 27-28.

As part of the Regional Greenhouse Gas Initiative, New York and the New England states are already doing much of what EPA's Clean Power Plan requires.

Although the region will need to add electric transmission and gas pipelines to serve the change from coal to gas that's already occurred, "I don't see a big change resulting from the Clean Power Plan against business as usual," said Ann Weeks, legal director for the Clean Air Task Force. She predicted New England will be a net exporter of carbon allowances under the EPA rule. (See *Northeast on Way to Compliance with Clean Power Plan*.)

Weeks

But the region's public policies and energy markets aren't always aligned, said others.

While the region has long supported renewables, the closure of two nuclear plants adds more pressure to further develop clean and cost-effective resources, said Jon Norman, vice president of commercial development for Brookfield Renewable Energy, a Canadian firm that primarily owns hydropower resources. Entergy recently announced it will close both its Pilgrim nuclear plant in Massachusetts and its FitzPatrick plant in New York.

"We need to continue to push that ball forward in the wake of losing that non-emitting generation," Norman said.

"The Northeastern markets for investors in renewable generation are not on the whole a very friendly environment, compared to others," added James Guidera, North America managing director of energy and infrastructure for Credit Agricole.

Wind developers in the Midwest and West have benefited from the certainty of long-term power purchase agreements that have "a dramatic impact on promoting projects," he said.

With cheap natural gas increasingly setting marginal prices, energy markets in the Northeast "do not really recover the cost of renewable energy," he added. Renewable portfolio standards, meanwhile, provide "subsidies that don't provide enough [money] to encourage investment."

One attempt to address New England's challenges is a multistate clean energy procurement process, which seeks to bring economic scale to projects that might not be viable for individual states. (See *New England States Combine on Clean Energy Procurement*.)

"We now know with experience in New England that without long-term contracts, even the renewable portfolio standard and the volatile spot market for renewable energy credits is not sufficient to make those investments happen," said Judy Chang, principal at The Brattle Group.

But that does risk sustainable development of the clean energy market, she cautioned. "We don't want everything under long-term contract because that takes away price signals for the investment community."

Regional or statewide policy mandates also can run headlong into local concerns, said Michael Voltz, director of energy efficiency and renewables for PSEG Long Island, which runs the power system for the publicly owned Long Island Power Authority.

Next year, PSEG Long Island will develop an integrated resource plan, which will require it to balance the constituencies of clean energy proponents, who would like more solar and wind power, against those of consumer advocates, who may prefer cheaper new natural gas generators.

"The other constituency is the local school district or tax body because there are town and school officials receiving fairly significant tax revenue from old antiquated natural-gas fired power plants that we don't feel we need anymore," Voltz said. "But shutting them down is not an easy thing to do politically."

"We're in the process of undoing all of the [fuel] diversification efforts that occurred in the 70s and 80s," said **Judah Rose**, **managing director for ICF International**. "The last time we had a major increase in natural gas demand was between 1960 [and] 1972 … We are in a new framework because there are much fewer price controls than there were then. This should lead to incredible volatility."

Sam Newell of The Brattle Group said capacity prices are likely to rise as demand response diminishes due to uncertainty over FERC's jurisdiction and PJM's move to eliminate summer-only DR under its Capacity Performance rules. Summer-only DR "would have to really pair up with winter-peaking resources … that can complement them so that they provide a complete product," he said. "Is that going to happen? It seems to me like something the market could solve; there's money to be made … What I have heard is that it has not happened yet."

2nd Annual Northeast Energy Summit

David Dobrantz, **an energy efficiency supervisor for Eversource**, said the appellate court ruling voiding FERC's authority over demand response may give DR an unexpected boost. "It creates a situation that is counterintuitive to the way most people are thinking, in that it will allow for more success in the state efforts that have been ongoing."

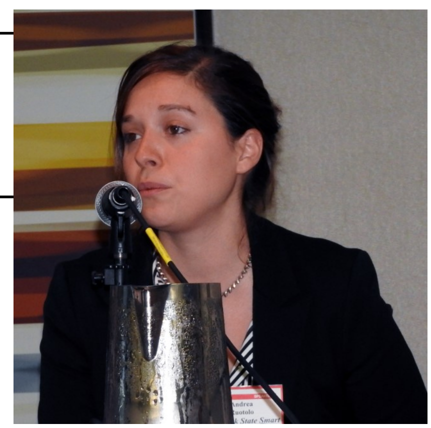
Paul Hibbard, **vice president of the Analysis Group** and former chairman of the Massachusetts Department of Public Utilities, said there is a disconnect between RTO policymakers and other stakeholders.

"You can have ISO-NE stand up and say, 'We believe our performance incentives are sufficient to make sure generating resources will be [available] when needed at the time of winter peak.' And then you can go to the control room and watch the people who are there at 4 o'clock in the afternoon of Feb. 2 — the third day in a row of extremely cold weather — and they don't have the faith in the existing oil-fired resources to be there when they're needed.

"I think you have the same level of anxiety in statehouses and at the commissions throughout the region about not really trusting that on a really cold winter day that those resources will be available," he added. "And to have an outage across the region would be devastating."

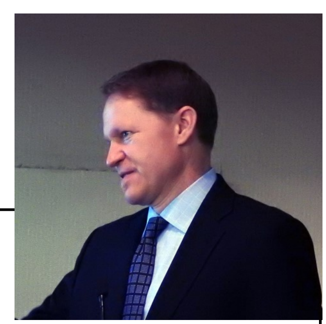
Tim Roughan, **director of energy and environmental policy for National Grid**, said that while those in the industry are enamored by the prospect of a more decentralized grid, its value is not apparent to consumers. "We're all in the business and we think all these gizmos [smart meters] are cool. The bottom line is our customers aren't in the business ... and the reality of the apathy of the customer population is something that has to be addressed in a very big way."

Andrea Ruotolo, **senior project manager for the New York State Smart Grid Consortium**, said when microgrids are not operating as an island, "they will be providing ancillary services to the macrogrid. That's what will make them work financially. The microgrid has to be operating all of the time to bury [recover] its costs."



Theodore Paradise, **assistant general counsel for ISO-NE**, said Order 1000 is "well-intentioned, but not a recipe to build anything better, faster, cheaper ... It's time-consuming, expensive and litigious."

Jason Marshall, **general counsel for the New England States Committee on Electricity**, said state officials will need assurances that Order 1000 projects they back are cost-effective. "It's paramount that consumers have confidence in the process and the outcome. Where you have two competing projects to meet the same need, costs take on an additional level of importance."



David Patton, **president of Potomac Economics**, said ISO-NE's Forward Capacity Auctions may not provide enough lead time to incent project developers to build new capacity. "There's … a significant risk to New England regarding if developers can actually get online in three years. If the only answer is the developer has to be well along in the process of building before they participate in the auction, then you've lost the value of the three-year forward auction."

ISO-NE NEWS

Department of Energy OKs Canadian Hydro Line

By William Opalka

The Department of Energy on Thursday issued the final environmental impact statement for the New England Clean Power Link, recommending approval of a presidential permit for the cross-border project, which would transmit 1,000 MW of Canadian hydropower into New England.

The 154-mile, $1.2 billion HVDC project was proposed in early 2014. The final report includes changes made in response to comments on the department's draft EIS in June. (See *Lake Champlain Cable into New England Progresses*.)

Among the changes were updated technical information; alternatives included in the U.S. Army Corp of Engineers 404 permit; additions to water resource analyses requested by the Environmental Protection Agency; and details on the project construction period and impacts on the long-eared bat and wetlands.

The merchant line, which would be entirely underwater or underground, is still undergoing permitting review by Vermont.

Transmission Developers Inc. New England, a unit of The Blackstone Group, anticipates that all major federal and state permits will be granted by the end of the year and the project would be in service in 2019. Ninety-eight miles of the cable would be buried under Lake Champlain, and most of its land-based route would be underground to Ludlow, Vt.

TD-NE began an open solicitation on Oct. 15 for customers to buy capacity on the line, with expressions of interest due by Dec. 4.

"We are confident that, once built, the New England Clean Power Link will deliver environmental and economic benefits to the people of Vermont and New England and do so in a way that minimizes impacts to communities and helps meet the region's growing energy and environmental challenges," TDI-NE CEO Donald Jessome said in a statement.

The Northern Pass line, which would deliver 1,090 MW to New England from Canada, has an agreement between its U.S. sponsor, Eversource Energy, and Hydro-Quebec. That $1.6 billion project has generated much more controversy because most of it is above ground. It also is not as far along in the regulatory process as the Clean Power Link. (See *Northern Pass Files for Siting Approval, Revises Cost*.)

FERC Finds 'No Significant Impact' from NE Pipeline Expansion

By William Opalka

FERC staff has concluded that a 13.5-mile natural gas pipeline expansion to serve increased demand in Connecticut will have "no significant" environmental impact.

The Connecticut Expansion Project, proposed in July 2014 by Tennessee Gas Pipeline, will provide an additional 72.1 million cubic feet per day of firm transportation service to three shippers: Connecticut Natural Gas, Southern Connecticut Gas and Yankee Gas Services.

Public comments on FERC's environmental assessment of the project are due Nov. 23 (CP14-529).

Tennessee Gas said that gas delivered into its system has increased by 32% over the past four years, with lines serving the state nearing capacity.

"Tennessee states that it is only through the expansion of its existing infrastructure that it would be able to deliver the incremental volumes requested by the project shippers in binding precedent agreements, while maintaining service to existing shippers and pressure profiles necessary for system operations," FERC's report states.

The demand is being driven by increased gas use in electric generation and heating. The 2013 Connecticut Comprehensive Energy Strategy proposed the addition of 300,000 natural gas heating customers among homes and businesses, most of them switching from fuel oil.

The environmental assessment rejected allegations that Tennessee Gas attempted to reduce the level of environmental scrutiny by improperly separating the Connecticut project from the Northeast Energy Direct Project, which is intended to increase supply throughout New England. (See *New England Governors Revise Energy Strategy*.)

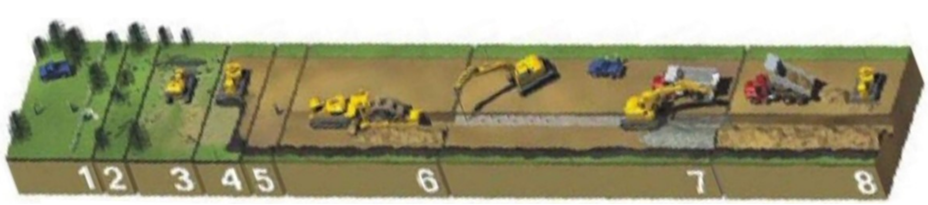
"The proposed project would function independently from the NED Project," staff wrote. "… The projects have different purposes [and] different start and end points."

The Connecticut project, which will predominately use existing rights-of-way, includes:

- 1.4 miles of new 36-inch-diameter pipeline loop near the Town of Bethlehem, in Albany County, N.Y.;
- 3.8 miles of 36-inch-diameter pipeline loop near the Town of Sandisfield, in Berkshire County, Mass.; and
- 8.3 miles of 24-inch-diameter pipeline loop near the Town of Agawam, in Hampden County, Mass., and the Towns of Suffield and East Granby in Hartford County, Conn.

The project also includes modifications to a compressor station in Massachusetts and other facility improvements.

Construction could start this year if approvals are granted, with an in-service date of Nov. 1, 2016, Tennessee Gas said.



Pipeline construction sequence. *Source: FERC*

ISO-NE News

Algonquin Submits Pre-Filing Request for Access Northeast Pipeline

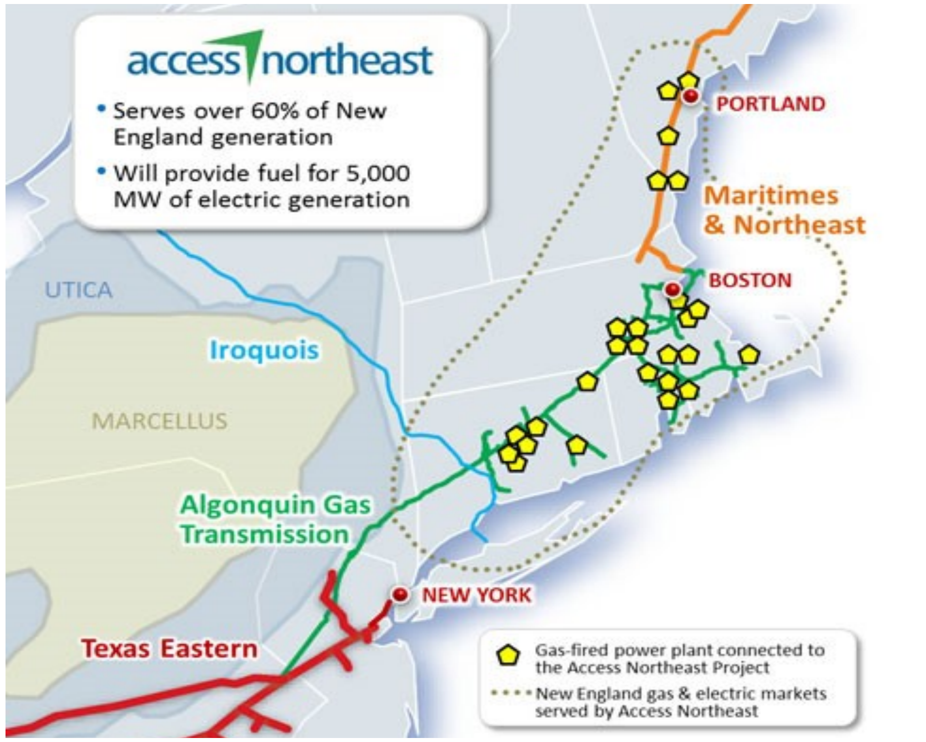
By William Opalka

The developer of a multistate pipeline project to move natural gas from the Marcellus shale region through New England asked FERC on Tuesday to start a process to expedite its formal application.

Spectra Energy's Algonquin Gas Transmission asked FERC to grant permission for the pre-filing review on the proposed Access Northeast project by Nov. 13 (PF16-1).

The company expects to file a formal application in about a year and hopes to put the first phase of the project in service by November 2018.

"Algonquin is seeking authorization to use the pre-filing review process to provide the necessary environmental information to commission staff for review at the earliest practicable time in order to expedite the processing of Algonquin's certificate application," the filing states.



Source: Spectra Energy

Developers say the $3 billion Access Northeast project will allow direct pipeline interconnections for 60% of ISO-NE's gas-fired power plants. Proponents say that will save the region's ratepayers $1 billion annually in lower electricity costs.

Access Northeast will have capacity to deliver up to 925,000 dekatherms/day, enough to supply 5,000 MW of generation, the company says. Algonquin says more than 95% of Access Northeast will use existing pipeline and utility rights of way.

The line will be able to accommodate new power plants being sited on Algonquin, or nearly 2,750 MW of additional generation that has been publicly announced or cleared the ISO-NE capacity auctions, according to the company.

The project is being developed by a consortium of Spectra Algonquin Holdings, Eversource Energy and National Grid. In addition, Central Maine Power submitted a bid to secure firm transportation service during the pipeline's open season earlier this year.

"Access Northeast will provide true 'last mile' supply access for 5,000 MW of generation from the approximately 12,000 MW of gas-fired generation currently attached — or expected to be attached over the next five years — to Algonquin and Maritimes & Northeast pipeline systems," Bill Yardley, Spectra Energy Partners' president of U.S. transmission and storage, said in a statement. "That is firm capacity directly to the generator during the coldest days. Without the last mile capacity, New England's electric reliability concerns related to gas power plants will remain unresolved."

Pipeline plans have generated controversy as some state regulators have endorsed a regional plan to have funding come from electricity customers. (See *Massachusetts Regulators Endorse Pipeline Contracts*.)

FERC Again Dismisses Challenge to 2014 ISO-NE Capacity Auction

FERC has again denied a rehearing request by Public Citizen over the results of ISO-NE's eighth Forward Capacity Auction (EL14-99, ER15-117).

The consumer group had challenged a previous order that accepted the results for the 2017/18 capacity commitment period, arguing that capacity from the Brayton Point facility in Massachusetts had been withheld to drive up prices. In accepting the results of the February 2014 auction and dismissing the Public Citizen challenge last December, FERC opened a section 206 proceeding on the appropriate treatment of imports and establishing review and mitigation procedures for import capacity. (See *FERC OKs Tightened ISO-NE Screening on Capacity Imports*.)

FERC said in its Oct. 28 order that Public Citizen inappropriately tried to expand the import capacity proceeding with an unrelated matter. "The commission previously stated that there was no evidence that the owners of Brayton Point engaged in any inappropriate behavior in FCA 8, and Public Citizen has provided no argument or evidence that causes us to reconsider this finding," it wrote.

The commission accepted Tariff revisions filed by the RTO intended to address FERC's concern that future auctions with small surpluses might not protect customers against the exercise of market power by import resources.

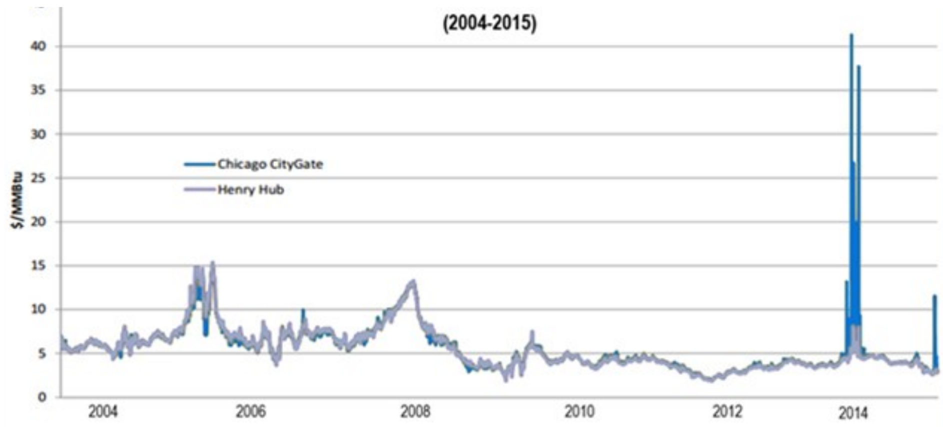
— William Opalka

MISO NEWS

MISO: No Change to Energy Offer Cap this Winter

'Permanent Solution' Expected for 2016/17 Season

By Amanda Durish Cook



Natural gas prices. *Source: MISO*

CARMEL, Ind. — MISO will not raise its energy offer cap for the coming winter but will ask FERC to approve another waiver allowing recovery of costs above $1,000/MWh through uplift.

MISO officials told the Market Subcommittee on Oct. 27 that they were responding to stakeholder feedback that generally preferred to repeat the approach that ruled the RTO's market last winter (ER15-691). Like last winter, all offers are still subject to mitigation by the Independent Market Monitor.

MISO is expected to file the waiver request with FERC by Nov. 2, asking for a January implementation date. As late as last month, MISO had been considering raising the limit to $1,500. (See *MISO Considering Raising Energy Offer Cap*.)

Markets System Analyst Chuck Hansen said that MISO will seek a long-term solution for winter 2016/17 that complies with FERC guidance. FERC on Sept. 17 announced its intention to take action on offer caps and other price formation issues, though it offered no timeline. (See *NOPR Requires RTOs Switch to 5-Minute Settlements*.)

"Any permanent solution is going to have to follow what FERC might do," Hansen said. "We don't know what that direction is yet, but we're going to have to respond to it."

The offer cap is designed to limit potential market power, but natural gas price spikes, such as those in January 2014, can push generators' costs higher.

Jeff Bladen, MISO's executive director of market design, said no generators sought to use the waiver last winter.

Hansen said that MISO's database could accommodate a higher offer cap with only minor "tweaks." But MISO said caps above $1,500 could require changes to market rules governing the value of lost load (VOLL) and operating reserve demand curves.

During gas price spikes and high loads that tighten operating reserves, system marginal prices could near or exceed MISO's $3,500/MWh VOLL, and congestion and loss components of LMPs could be reduced or lost.

"Our studies have shown that the energy offer cap has to be in sync with other market parameters," Hansen said. "Before the following winter, we want to raise the offer cap, but we want to be careful of fixing one thing and creating issues under a different scenario. The point is we don't want to solve one problem, then cause a bigger problem in other market conditions."

Another consideration is that MISO generation could be lured to other regions with higher caps. PJM members agreed in September to seek FERC approval to increase its offer cap to $2,000/MWh beginning this winter. (See *PJM Members OK $2,000/MWh Energy Market Offer Cap*.)

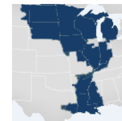
MISO said generator responses also would be affected by different operating reserve scarcity curves.

MISO's call for feedback on the issue generated 10 stakeholder responses: six votes to maintain a $1,000 cap, two votes to raise the cap to $1,500 and two votes supporting either case. Eight stakeholders voted to use uplift to recover verifiable costs above the cap; two stakeholders disagreed with using uplift to recover costs exceeding $1,000.

"Any permanent solution is going to have to follow what FERC might do."

Chuck Hansen, MISO

MISO NEWS



Market Subcommittee Briefs

MISO Anticipates FERC's Ruling on Shortage Pricing

CARMEL, Ind. — MISO told stakeholders last week it is confident the RTO's shortage pricing rules are compliant with FERC's Sept. 17 Notice of Proposed Rulemaking (RM15-24).

The rule would trigger shortage pricing "for any dispatch interval when a shortage of energy or operating reserves occurs."

MISO employs an operating reserve demand curve in its five-minute dispatch. Dhiman Chatterjee, senior manager of market design and delivery, told the Market Subcommittee he expects FERC's final rule will align closely with what MISO already has in place.

"If they come back with some different opinions, it would affect us," Chatterjee said, adding that MISO would make adjustments during the four-month compliance filing period before the final rule. Chatterjee said MISO "would potentially need more time" if FERC imposed something unexpected in their rule.

MISO will have to make changes, however, to comply with the NOPR's requirement that organized markets settle real-time energy transactions financially at the same five-minute time interval that they use in issuing dispatch instructions. (See *NOPR Requires RTOs Switch to 5-Minute Settlements*.)

MISO told the committee the shift will require hardware, software and business process changes that could take until the fourth quarter of 2017 to complete.

Region	Dispatch Interval	Real-Time Settlement
CAISO	5 minute	5 minute
ISO-NE		Hourly avg.
MISO		Hourly avg.
NYISO		5 minute
PJM		Hourly avg.
SPP		5 minute

Current real-time settlement processes. *Source: MISO*

FERC is accepting comments on the NOPR until Nov. 30. MISO is planning to submit its remarks around Nov. 18. Comments to help shape MISO's response are due by Nov. 11.

$80 Million in SPP Invoices Voided in Settlement

Managing Assistant General Counsel Erin Murphy said SPP will cancel about $80 million in invoices sent to MISO as a result of the RTOs' Oct. 13 settlement of their dispute over energy flows between MISO's North and South regions.

"All of those invoices will be pulled back and considered to be null once the settlement is in place," Murphy explained.

In an order Oct. 20, Chief Administrative Law Judge Curtis L. Wagner Jr. approved the compensation and transfer limit provisions of the settlement, to begin on Feb. 1 (ER14-1174, et al.).

"Fundamentally, the notion of sharing capacity has stayed in the agreement," Murphy told stakeholders.

Compensation for system usage will be based on capacity factor: available system capacity divided by the maximum available system capacity (the difference between the contract path and the operational limit).

Stakeholders asked for more clarity on what equations MISO uses to determine the capacity factor. Murphy suggested a special meeting to walk through computations used in the settlement's manuals.

Initial comments on the settlement were due Nov. 2, with MISO's reply comments due Nov. 12.

FERC: Commission Can Operate with 3 Members

Chris Miller, of FERC's Office of Energy Market Regulation, told the committee that the commission could drop to three members if former Commissioner Philip Moeller is not replaced and lone Republican Commissioner Tony Clark is not reappointed when his five-year term expires at the end of June.

"We can operate down to three [commissioners] without too much difficulty, so that's not a big issue there," he said.

Miller also discussed the potential for a federal government shutdown. "We're funded into December as it is right now," he said.

On Nov. 2, President Obama signed into law a budget agreement and debt limit increase, reducing the chances of a shutdown. But Obama noted that Congress still has to enact appropriations bills before the continuing resolution funding fiscal 2016 government operations expires Dec. 11.

— Amanda Durish Cook

"We can operate down to three [commissioners] without too much difficulty, so that's not a big issue there."

Chris Miller, FERC Office of Energy Market Regulation

NYISO NEWS

NYISO: Two NRG Plants can Close as Scheduled

By William Opalka

NYISO gave NRG Energy a green light to shut down two coal plants in western New York, saying reliability will be maintained through transmission. NYISO and National Grid were asked in the summer to perform a reliability study after NRG said it intended to close the 380-MW Huntley Generating Station and the 435-MW Dunkirk Station. (See NRG Plant Closures Could Impact Reliability in NY.)

"Based upon the expectation of the timely completion of the National Grid upgrades and that no other changes occur to the current and planned status of the New York electric system, reliability will be maintained through at least the year 2020 if Dunkirk is mothballed Jan. 1, 2016, and Huntley is retired March 1, 2016," NYISO wrote in an Oct. 30 letter to the New York Public Service Commission (15-E-0505).

NRG said the plants were unable to compete with lower-priced natural gas generators. A legal challenge to a state subsidy negotiated for Dunkirk in its proposed repowering to natural gas created enough uncertainty to put that project on hold, NRG added.

Dunkirk Station *Source: NRG*

NYISO said National Grid updated its local transmission plan to install capacitor banks at the Huntley 230-kV station by June 1, 2016. National Grid's plan also includes possible system configuration changes and relay adjustments.

In its own letter to the PSC, National Grid said that it will complete in December three transmission system upgrades it proposed last year in the event that the Dunkirk repowering was delayed. "These projects contribute to the overall plan to operate the system reliably in the short and long term," it wrote.

NYPSC Denies Disclosure of Bidding Information

By William Opalka

The New York Public Service Commission for the second time rejected a New York assemblyman's attempt to force the disclosure of bidding information from the state's generators (13-01288).

Brennan

James Brennan (D-Brooklyn) had appealed Freedom of Information Law rulings by the Records Access Officer in 2014 and this year that deemed such information protected trade secrets. (See Generator Records Ruling Expected This Week.)

"Assembly member Brennan, however, fails to point to any new facts or circumstances that have developed over the past year which would warrant a departure from the 2014 appeal determination," commission Secretary Kathleen Burgess wrote in a 26-page determination Tuesday.

Brennan had charged that the New York wholesale market was not competitive and that the bidding information filed by the state's utilities, which is redacted in their filings, is available in other publicly available sources.

The Independent Power Producers of New York responded that information in the New York filings is incomplete and could be misinterpreted.

"A thorough review of those documents shows that the entities proved the existence of competition in the wholesale energy markets and that disclosure of the information at issue would cause substantial competitive injury to the entities participating in those markets," Burgess wrote.

In a cover letter announcing the ruling, Burgess said she was directing PSC staff to share it with FERC and the NYISO Independent Market Monitor to "request their respective opinions as to whether release of the information at issue in this determination would result in substantial competitive injury to the market participants."

Brennan in a statement on Wednesday indicated the ruling is not the last word. "It is disappointing that the Public Service Commission chooses to conceal what should be public records of New York's utility industry. My office will continue to fight to bring sunshine to electricity prices in New York," he said. "Authentic competition does not exist in New York electricity markets. Instead, the power producers benefit from an administered market where prices are set way above cost to allow massive profits. That is why the industry needs reform."

IPPNY CEO Gavin Donohue said Wednesday that Brennan "neither appreciates the consumer benefits nor understands the mechanics" of New York's uniform clearing price auctions.

"Keeping the financial and operational data of generators private is critical to ensuring competitive bids. If that data were to become public, a generator could use the information to determine how much it could raise its bids into the market and still remain below the bids of its competitors," he said in a statement.

"That's why the information in question is considered a trade secret. I'm sure that the assemblyman wouldn't expect Coca-Cola to reveal its secret recipe or McDonald's to divulge how it prepares its special sauce, but that's exactly what he's asking of the power sector. Fortunately, yesterday's decision by the PSC secretary will protect consumers from a very poor course of action."

PJM NEWS

Operating Committee Briefs

Runaway Blimp Causes Surprisingly Little Damage

A blimp similar to the one that was accidentally let loose on Oct. 28. *Source: Defense Department*

VALLEY FORGE, Pa. — A military blimp that broke free from the Aberdeen Proving Ground in Maryland on Oct. 28 and dragged a steel tether some 125 miles before deflating in Montour County, Pa., caused surprisingly little damage to power lines, PJM's Chris Pilong told the Operating Committee last week.

"We actually didn't see any impact until it got to PPL territory," he said.

There, around 2 p.m., it knocked out one 500-kV line, and the two 230-kV lines, in the Sunbury-Susquehanna and Montour area.

In addition, three 69-kV sub-transmission lines were felled by the runaway airship's several-thousand-foot-long tether, causing a blackout for as many as 35,000 customers.

"Despite the odd cause … there was no permanent, lasting damage," he said. "Just an unusual afternoon."

William Skumanich of PPL said those in the company's control room at the time were flummoxed.

"We in the control center did not know what was going on, and all of a sudden we get this string of outages," he said. "It was really a mystery. We really thought it was a tornado."

PPL spokesman Paul Wirth said power was restored to affected customers by midnight, and all damage was repaired later the next day.

ComEd Open-Loop Interface Created

PJM has introduced a change to the ComEd reactive transfer interface. The closed-loop interface, implemented in June 2013, is composed of all ComEd tie lines and is used to control reactive issues during summer peaks, when the zone is importing power.

The interface is being changed to an open loop of six of the ComEd extra-high voltage lines on the zone's eastern border. Dubbed CE-EAST, it will go into effect March 1.

The change is being made so that certain generators in MISO can help with voltage issues in the Chicago area.

Operational impact will be minimal, PJM said, and the change will be reflected in Manuals 03 and 37.

Winter Reserve Target Same as Last Year

The committee endorsed a 27% winter reserve target, the same value as last year.

The target is based on unit summer ratings and expressed as a percentage of the forecasted weekly peak load. It is derived from simulations of the 13-week winter period.

PJM operations will seek to maintain the 27% margin in scheduling generator maintenance outages.

Concept of 'Soak Time' Parameter Introduced

PJM initiated discussion with stakeholders over a proposed new parameter for Capacity Performance units called "soak time," with the goal of having a concept in place by June 1.

PJM's Tom Hauske introduced the proposed definition as "the minimum number of hours a unit must run, in real-time operations, from the time the unit is put online (breaker closure) to the time the unit is at its economic minimum or dispatchable."

Units with a soak time greater than their minimum run time would be able to petition for a unit specific parameter adjustment.

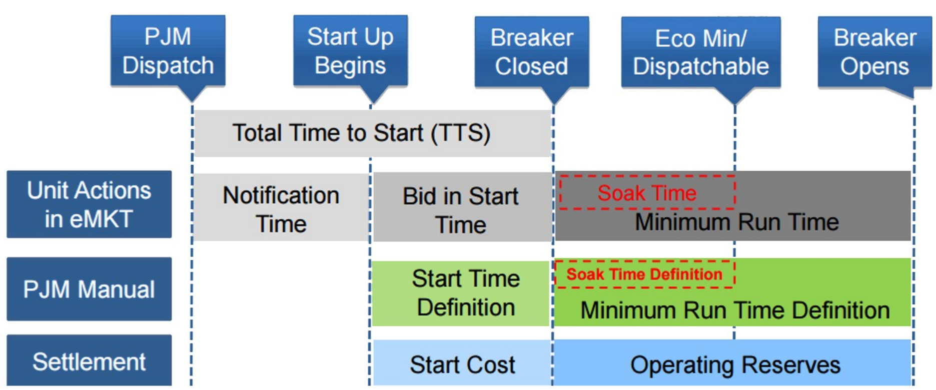
Committee Chair Mike Bryson said the concept primarily would apply to fossil-fired steam units and would not affect penalty assessment hours under the new Capacity Performance product.

ComEd SPS Changes in the Works

Alan Engelmann of Commonwealth Edison gave the following updates regarding special protection systems (SPS):

- Byron Unit: A new 345-kV line between Station 6 Byron and TSS 144 Wayne, expected to be in service by June 2017, will resolve the stability issues for which the Byron SPS was designed. On completion of the line, the Byron Unit Stability Trip Scheme will be removed. As part of the project, a new breaker was installed in October.
- Powerton 345-kV bus and Powerton Unit: In a project targeted for completion in 2017, a reconfiguration of the Powerton 345-kV bus and breaker replacements will allow the removal of the Powerton SPS when the station is in normal configuration.
- Northbrook/Highland Park Transfer Trip: This SPS prevents thermal overloads and low voltage. A normally closed bus tie line will be installed at Highland Park by December, and the SPS no longer will be needed.

— Suzanne Herel



Future practice with soak time. *Source: PJM*

PJM NEWS

Market Implementation Committee Briefs

Parameter Limited Schedule Exemption Process to be Reviewed

VALLEY FORGE, Pa. — The Market Implementation Committee last week unanimously approved a problem statement to consider revisions to the parameter limited schedule (PLS) exemption process.

Bob O'Connell, who presented the issue on behalf of PPGI Fund A/B Development, said Tariff changes made in 2012 have made it more difficult to obtain exceptions to default PLS values, limitations imposed on generators' minimum run times or other elements of cost-based offers.

O'Connell took issue with the "inflexible deadline" for long-term exceptions, which, he said, "does not recognize various changes that may take place on the market participant's side that may result in the need to get around the Feb. 28 deadline."

For example, he said, he has clients currently testing units that might not be ready by Feb. 28. "They don't know if they should apply for anything," he said.

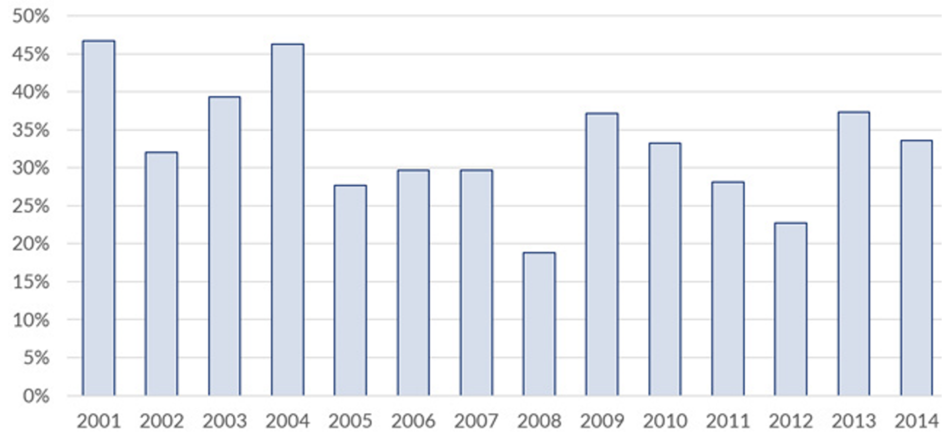
There also are challenges with the resolution that has been proposed, he said, which is to seek a waiver from FERC. First, there is no guarantee the commission will rule, he said.

"Second, if a market participant is seeking an exception, right now the market participant works with the Market Monitor and PJM to determine whether, one, the exception is merited and, two, what the numbers should be," he said. Once FERC is approached, he said, "Everybody can be involved, even if they don't have the information."

"What we're seeking to do is start up the stakeholder process to rethink what's on the table right now and come up with something that provides an administratively efficient process."

Debate Continues over Confidentiality of Information

The committee continued to debate allowing PJM to make public certain types of data, such as uplift payments, demand response deployments, generator outages and cleared capacity resources.



Top 10 generators' share of energy uplift credits. *Source: Monitoring Analytics*

The changes would modify Manual 33: Administrative Services. (See *PJM Stakeholders to Study Relaxing Confidentiality Rules*.)

Jim Benchek of FirstEnergy said his company is most concerned with two of the six categories: details about individual generation outages and cleared capacity resources.

Regarding the outages, he said, "As a resource owner, we believe that is our data, and we really don't want to release it to make it public."

If PJM, the market seller and the Independent Market Monitor agree the information is not confidential, he said, "then it would be OK to release that data."

In addition, he said, outages carry a variety of implications, including Capacity Performance penalties, and information about them might lead some to speculate about the health of a company. Likewise, releasing information about cleared capacity resources provides a window into a company's position in the market, he said.

A number of suppliers echoed his concerns.

Monitor Joe Bowring said he had misgivings about proposed changes to the capacity resource section of the manual, which would allow PJM to release the identities of resources that clear the third Incremental Auction.

"We don't think supply curves in the capacity market should be made public," Bowring said. "The information is very persistent from year to year. It supports collusion."

Compromise Offered on Masking FTR Ownership

DC Energy's Bruce Bleiweis, who has been leading a rocky effort to mask the ownership of financial transmission rights, said he was willing to offer a compromise: that they be kept private for 90 days.

At a September meeting of the MIC, Bleiweis garnered only 61% approval of his problem statement — an indication that he may have trouble winning the two-thirds majority needed for a rule change. (See "PJM to Consider Masking FTR Ownership" in *PJM Market Implementation Briefs*.)

At that meeting, Bleiweis had asked PJM to look into whether it discloses the ownership of its other market products. PJM's Tim Horger confirmed last week that the RTO does not.

"In other types of markets, participant info is not posted out there," Horger said. "PJM can support a change for removing it, but [we] want what the stakeholders want. We don't have a strong interest one way or the other."

Bowring reiterated his support for the status quo.

"We think the current release of ownership information makes sense, and we don't see a reason for your additional compromise proposal," he said.

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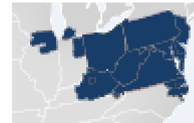
PJM NEWS



Planning, Transmission Expansion Advisory Committee Briefs

Manual Changes on Load Forecast Approved Except for Solar Revision

VALLEY FORGE, Pa. — The Planning Committee last week endorsed comprehensive revisions to Manual 19 to incorporate changes to the load forecast model.

The changes account for trends in equipment and appliance saturation and energy efficiency; revise weather variables; update weather station assignments to zones; and modify the weather normalization procedure.

Members decided to remove a change that would have added distributed solar generation to the model this year, saying they wanted to see more data on its predicted effect first.

PJM's John Reynolds said that in response to requests for more information about how the new load model was developed, PJM will be producing a white paper on the subject early next year.

Steve Herling, PJM vice president for planning, encouraged the group to approve the changes, carving out the solar section, instead of holding them up.

"Our concern obviously is that we don't want to get behind the curve, which we did to a degree with energy efficiency," he said.

Delivery Year	Recommended IRM		Recommended FPR	
	2015 study	2014 study	2015 study	2014 study
2016/17	16.4%	15.5%	1.0952	1.0896
2017/18	16.5%	15.7%	1.0959	1.0911
2018/19	16.5%	15.7%	1.0883	1.0835
2019/20	16.5%	NA	1.0881	NA

Results of PJM reserve requirement study. *Source: PJM*

Panel Re-examining Reserve Requirement Study

The Resource Adequacy Analysis Subcommittee will be holding two education sessions as part of its effort to re-examine all modeling assumptions for the 2016 Reserve Requirement Study.

The first is scheduled for 1 to 4 p.m. on Nov. 24. The second is 9:30 a.m. to 12:30 p.m. on Dec. 9. Both will be held in person at the Valley Forge campus and via WebEx.

The subcommittee will schedule meetings as needed through the first quarter of next year in order to finalize RRS assumptions and bring them to the committee for endorsement in April.

PJM's Tom Falin said it is the first re-evaluation of the process in about seven years. Planners are focusing on the full study to underscore that the installed reserve margin "is not the most important output from the study," Falin said. Members had questioned the recent increase in the IRM, saying it seemed counterintuitive under the new Capacity Performance model. (See "IRM, FPR Rising; PJM Methodology Challenged" in *PJM Planning Committee Briefs*.)

Falin said the RAAS discussion will focus on three drivers: the selection of PJM and world load models, the development of capacity models and the representation of the world area. It also will consider the impact of CP on RRS assumptions.

Two More Units Headed for Deactivation

Two generating units have applied for deactivation in January.

Perryman Unit 2, a 51-MW facility in the BGE transmission zone, will be deactivated Jan. 1.

Interim operating measures have been identified until a baseline upgrade is completed there by June 2017. That upgrade, a new 115-kV switching station, is expected to cost $26 million, the cost of which is being designated to Baltimore Gas and Electric.

The second unit to be decommissioned is the 2-MW Pottstown landfill, in the PECO transmission zone. Landfill owner Waste Management said that flows of landfill gas have declined significantly since the landfill was closed in 2005 and that there is no longer enough gas to drive the turbine. It will be deactivated Jan. 15. No reliability impacts have been identified by the closure.

— Suzanne Herel

Market Implementation Committee Briefs

Continued from page 13

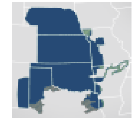
Bleiweis said FTR owners should be able to expect the same treatment as other market participants.

"We're not looking for less transparency; we're looking for consistency," he said.

"Our biggest concern is there are instances where you have multi rounds of auctions, and we were hoping that the membership, the Market Monitor and PJM would agree that releasing that information intraround — so that you see the ownership after round one, before round two — that you shouldn't reveal that kind of confidential information."

— Suzanne Herel

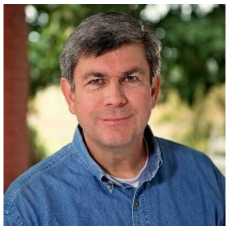
SPP News



Former Congressman Ramps up SPP's Legislative Outreach

By Tom Kleckner

LITTLE ROCK, Ark. — Arkansas' political loss has been SPP's gain.


Ross

When six-term Congressman Mike Ross left Washington for full-time residence in Arkansas in 2013, he quickly found a home at SPP setting up a federal-level governmental affairs organization — only to become the only viable Democratic candidate for governor, an ill-fated run that was swamped by the Republican wave last year.

Ross rejoined SPP last December as a senior vice president of government affairs and public relations, with quick results. He helped set up SPP's first governmental affairs conference in D.C. in late September, with the RTO hosting 54 member-company representatives from nine states. They were joined by two FERC commissioners and the Environmental Protection Agency's legal counsel, who listened to six congressman and senators discuss the Clean Power Plan's political ramifications.

"It's critical we work with members on educating policymakers," Ross told *RTO Insider*. "I was very pleased with the participation. It was an opportunity for us to hear from our members and educate policymakers on the role of SPP and its importance to grid reliability in 14 states."

SPP Chairman Jim Eckelberger, who was in attendance, called the event "a spectacular success."

"Between Paul [Suskie, SPP's general counsel and executive vice president of regulatory policy,] and Mike, we pulled in everyone we needed to hear from, with respect to where we need to go with the Clean Power Plan," he told the Regional State Committee on Oct. 26.

"Based on the feedback we've received, that was our first *annual* conference," said SPP CEO Nick Brown, stressing the word "annual."

"Mike knows senators and congressmen. They responded to his request [to participate]," Brown said. "This is new for our organization. We're out working with the folks in each of your states we never worked with before. These are new relationships we need to form and have formed."

Brown told the RSC that Ross will be "collaborating" with and creating networking opportunities for member legislative representatives. What SPP won't be doing is lobbying or staking out political positions.

"We're communicating regularly with government affairs folks at our member companies, from the investor-owned utilities to the co-ops to public agencies, from Louisiana to Canada," Ross said, "and we'll continue to do that."

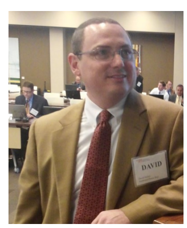
Board, Members Committee Discuss MISO Settlement Distribution

By Tom Kleckner

LITTLE ROCK, Ark. — The SPP Board of Directors and its Members Committee applauded the recent settlement with MISO before getting down to the sticky business of deciding how — and to whom — to distribute the settlement's funds during its quarterly meeting Oct. 27.

Under terms of the settlement agreement filed last month over MISO's use of SPP's transmission grid, MISO will pay SPP and its members $9.6 million to settle all claims for compensation since 2014. NRG Energy, which had a firm-service agreement with MISO, will split an additional $3.7 million between SPP and other parties to the settlement. (See <u>*SPP, MISO Reach Deal to End Transmission Dispute*</u>.)

As the settlement's funds are not being collected under SPP's Tariff, the RTO will have to file revised language with FERC designating how those funds will be distributed, which could happen as soon as March 2016. SPP has said it favors revenue allocating the funds to transmission owners with benefits flowing through to SPP's load.


Kelley

David Kelley, SPP's director of interregional relations, said a majority of TOs involved in the settlement negotiations favor a 100% flow-based approach. He said other TOs favor a 100% load-ratio share or a 50-50 split between the flow-based approach and annual transmission revenue requirements.

Kelley said any new Tariff language will likely require revenue be credited to the benefit of all customers taking SPP transmission service "in the same manner in which point-to-point revenue is credited."

The board voted to adopt the 100% flow-based approach, but not before Chairman Jim Eckelberger proposed creating a task force that would "come to a quick conclusion" on the appropriate Tariff language.

"That way, I think we are engaged in the stakeholder process," Eckelberger said. "I want to ensure everyone gets a say and everyone gets a vote. I would like to settle it here and not [at FERC]."

Eckelberger's proposal met with immediate pushback, both from those who intervened at FERC and stand to collect the settlement funds, and those who didn't.

"Any TO could have intervened," Westar Energy's Kelly Harrison said. "Some who didn't want to spend money on litigation … now that there's money on the table, they want to have a say?"

"We thought SPP was carrying the ball," said Golden Spread Electric Cooperative's Mike Wise. "We didn't realize we would be excluded from discovery once it came to getting the ball across the goal line."

Dennis Reed, director of FERC compliance for Westar Energy and chairman of the Regional Tariff Working Group, said work on the Tariff language "has to be on a very fast track."

"We would really need the Tariff language by mid-December, so the [distribution] policy would have to be set by mid-November,"

Continued on page 16

SPP NEWS

Capacity Margin Task Force Shares 'How Low' Reserve Margin Can Go

By Tom Kleckner

LITTLE ROCK, Ark. — The SPP task force updating the RTO's planning reserve margin requirements shared its draft report on loss-of-load expectations (LOLE) with two other working groups Oct. 28, giving them a first look at a project that has caused members concern.

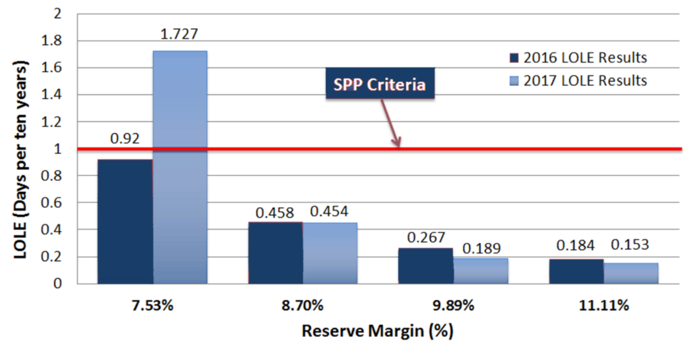
More than a year in the making, the study analyzed how reducing the reserve margin would affect the RTO's ability to maintain the number of days per year for which available generating capacity is insufficient to industry standard one-day-in-10 years (0.1 day/year) LOLE.

Or, as Capacity Margin Task Force Chairman Tom Hestermann said, the study answered the question: "How low can you go?"

SPP's Oklahoma members have expressed concerns that the RTO already has one of the lowest planning reserve margins, at 13.6%. The task force has said that margin could be lowered to about 10%.

"A small decrease in the reserve margin may be appropriate, but a substantial decrease in what we have would be revolutionary, not evolutionary," said Oklahoma Gas & Electric's Philip Crussup, alluding to one of the tenets in SPP's value proposition during the Oct. 27 Board of Directors and Members Committee meeting. "This should be approached very cautiously."

"No one on the task force wants a capacity margin we'll have to raise," said Hestermann, of Sunflower Electric Power. "We hope we can come up with a requirement that will last every five years, instead of looking at it every 17 years."



Projected loss-of-load expectation by reserve margin. *Source: SPP Capacity Margin Task Force*

It has been that long since SPP last reviewed its planning reserve margin. But times change, as SPP's Vice President of Engineering Lanny Nickell noted in introducing the LOLE study.

"The task force became necessary partly because of the $5.6 billion in transmission investment we've made since 2004," he said. "We've recognized the criteria could withstand some improvement. Do we need to bring more people into the obligation to carry capacity? Can we reduce the capacity margin requirement, given the transmission increase and diversity of load?"

Among its inputs, the study used summer-peak models from the 2016 and 2017 near-term transmission planning assessments and five years of hourly load data for each of the RTO's 16 balancing authorities. The results indicated the SPP region can maintain an LOLE of 0.1 day/year with reserve margins as low as 8.7% (see chart).

"We wanted you to see how we used the assumptions and get to a common understanding of what we did," Nickell told the Generation and Operating Reliability working groups.

SPP staff said the LOLE study could be improved by including uncertainties such as wind variability, forced outage rates for interregional transactions and demand response.

The task force also approved for circulation to other groups its planning reserve assurance policy, an effort to address concerns that current mechanisms to ensure sufficient reserve margins are inadequate. The policy proposes penalties be timely and "economically incent" load-responsible entities (LREs) to correct planning reserve deficiencies.

The task force has already completed a white paper defining LREs to account for the fact SPP's load-serving members do not cover all the load in the RTO's planning coordinator footprint.

Its draft deliverability study is looking at an option to allow an LRE to meet its reserve requirements without having to obtain firm transmission service.

The task force has suggested a workshop before the January meeting of the Markets and Operations Policy Committee to share its work in more detail. It also has urged that its work be taken up by a permanent working group, as is the practice in MISO and ERCOT.

Board, Members Committee Discuss MISO Settlement Distribution

Continued from page 15

Reed said. "Anyone who wants to participate should know this will be on a very fast track."

"My concern is we will have spent a lot of time and a lot of resources to get back to the same place," said Stuart Solomon, president and COO of American Electric Power's Public Service Company of Oklahoma. "Someone wants a study, someone wants analysis, and it goes on and on … we consume a lot of resources. If this is the step we take, we would really need tight parameters on the work."

Members debated whether to write new business practices to handle this issue in the future.

"This only applies to the settlement with MISO," Kelley said.

A vote to create the task force failed, leaving the heavy lifting to the Tariff working group. It will take up the Tariff language during its regular monthly meetings in November and December before bringing it to the Markets and Operations Policy Committee and Board of Directors in January for approval.

SPP NEWS

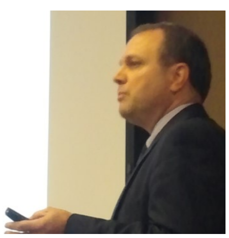
Board of Directors/Members Committee Briefs

2017 ITP10 Scope Wins Approval

LITTLE ROCK, Ark. — The SPP Board of Directors and Members Committee approved the 2017 Integrated Transmission Planning 10-Year Assessment's scope, which had been revised to account for pending North American Electric Reliability Corp. transmission planning standards. The scope, which was recommended by the Markets and Operations Policy Committee, was approved with three no votes during their quarterly meeting Oct. 27.

The board and members discussed whether fluctuating gas prices, one of the assessment's sensitivities (along with demand levels and final reliability and stability assessments), would result in a drain on staff's time and increased study costs.

"How can you assess the demand on gas prices when you're looking that far into the future?" asked Stuart Solomon, COO of Public Service Company of Oklahoma.


Myers

Alan Myers, chairman of the Economic Studies Working Group, said the study's scope uses a \$6/MMBtu price for gas 10 years in the future and tries to account for the impacts of increased liquefied natural gas exports and decreased fracking.

The assessment currently assumes a high availability of natural gas due to fracking. It also will consider three futures: a regional Clean Power Plan, a state-level CPP solution and an assumption the CPP is not implemented. The 2020 and 2025 models will include the CPP's interim goals that begin in 2022 and 2025-2027, respectively.

Enhanced Combined-Cycle Project Moves Forward

Natural gas prices were also at issue in the board and committee's approval of revised Tariff language clarifying the design of the enhanced combined-cycle (ECC) project, an effort to provide more sophisticated modeling that captures such plants' flexibility. The revisions limit the number of combined-cycle configurations at registration to three, tweaks the market-clearing engine's algorithm to account for overlapping commitment periods between the day-ahead and real-time markets, and makes simplifications to ensure the project's timely and on-budget completion.

"With gas prices where they are today, how is the ECC project going to achieve efficiencies?" asked American Electric Power's Richard Ross. "Theoretically, [the savings] will be much smaller than what we started with, which was gas in the \$4-5 range."

Other stakeholders said the Tariff change was needed and should be approved. "Holding up the ECC cleanup revision is not the right way to move forward," said Dogwood Energy's Rob Janssen.

Janssen reminded members they moved forward with the ECC project not only because of the current cost-benefit analysis, "but also with the expectation the SPP system moves toward more natural gas-fired capacity in the future."

Ross said SPP would achieve more by moving the deadline for day-ahead offers to 9 a.m. and compressing the commitment time to four hours. This summer, both SPP's board and the MOPC voted to move the deadline for day-ahead offers up 90 minutes to 9:30 a.m. CT. (See "Board Approves Gas-Electric Timeline Change," in SPP BoD/Members Committee Briefs.)

Ross said AEP was a no-vote against the ECC-cleanup language because it understood that the ECC project and further gas-electric harmonization couldn't proceed in tandem, with the latter being the higher priority.

"It may have been a breakdown in communications," Ross said, "but we understood we couldn't advance the gas market-clearing logic any further and also implement the ECC."

Bruce Rew, SPP's vice president of operations, said the RTO believes it can complete the gas-electric harmonization work by next fall and complete the ECC logic by March 2017. The two projects are expected to cost a combined \$7.7 million.

"Our own constraint is whether we can go down to four hours," Rew said. He said SPP's market-clearing engine is currently able to work with a 4.5-hour compressed timeline. He agreed to report back in January's meeting as to "what we can do with this current technology."

The ECC project was delayed last year to allow for a more thorough cost-benefit study. SPP has estimated it will take approximately \$1.5 million and 14 months to implement the changes, which would require new software.

AEP has said it believes the ECC logic "is unlikely to resolve the challenges of combined-cycle operation," saying SPP's market solution-engine is "already among, if not the, most complicated and computationally intensive such algorithms in the country."

"Holding up the ECC cleanup revision is not the right way to move forward."

Rob Janssen, Dogwood Energy

Lone Interregional Project Approved

The board and Members Committee approved the MOPC's recommendation to approve one of three interregional projects evaluated as part of a regional review with MISO, the South Shreveport-Wallace Lake rebuild. The 11-mile 138-kV project addresses area congestion in northwestern Louisiana and has an estimated cost of \$18.5 million — of which SPP would fund 20% (\$3.7 million) — and a benefit-to-cost ratio of 11.86, far exceeding the 1.0 threshold.

MOPC Vice Chairman Paul Malone, of the Nebraska Public Power District, reminded the board that MISO has yet to act on approving the project and its Planning Advisory Committee did not support the project.

Eckelberger said he understood his MISO counterpart, Judy Walsh, is still open to the project. He said he will send Walsh a letter to "see if we can get this rolling."

Continued on page 18

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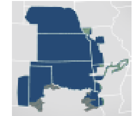


Board of Directors/Members Committee Briefs

Continued from page 17

Eckelberger also said, "We think we'll have to change some numbers to get MISO to work with us."

The other two projects in the regional review are the Alto-Swartz series reactor and the Elm Creek-NSUB 345-kV transmission line. Both could be reevaluated in a future regional or interregional study.

Annual Meeting of Members

SPP CEO Nick Brown (left) and Eckelberger.

Calling the previous 12 months "another interesting year for the corporation and our members," SPP CEO Nick Brown ticked off the Integrated Marketplace's successful performance, recent transmission investments and the addition of 10 new members through the Integrated System's incorporation as achievements during his annual president's report.

Brown credited the Integrated Marketplace with creating $300 million in savings off of a $100 million investment, saying "nothing speaks more to our value to members" than seeing the markets credited for savings in members' rate cases, annual reports, press releases and news stories.

"If ever there's a success metric, it's that," Brown said.

The annual meeting began with members voting to re-elect two board members, a Regional Entity trustee and five members of the Members Committee, while also unanimously accepting a Corporate Governance Committee recommendation to increase their compensation.

Board members saw their annual retainers doubled to $30,000, with Board Chairman Jim Eckelberger's retainer increased by $15,000 to $35,000. Members approved slightly smaller increases for meeting participation and RE trustee compensation.

Members re-elected Eckelberger and Harry Skilton to three-year board terms and Dave Christiano to another three-year term as an RE trustee. They also approved a recommendation to expand the RE trustee membership to four "in the interest of succession."

Members re-elected Kelly Walters (Empire District Electric Co.), Mike Wise (Golden Spread Electric Cooperative), Kevin Smith (Tenaska) and Tom Kent (Nebraska Public Power District) to three-year terms on the Members Committee. Also re-elected was Bob Harris (Western Area Power Administration-Upper Great Plains), who was elected to fill a vacancy earlier this year.

Brett Leopold (ITC Great Plains), Scott Heidtbrink (Kansas City Power & Light) and Jason Atwood (Northeast Texas Electric Cooperative) were all elected to their first three-year terms.

Board Approves New Order 1000 Evaluation Panel

The board followed a unanimous members' vote to approve the Oversight Committee's recommendation for the 2016 industry expert panel (IEP), which will evaluate proposals for SPP's competitive solicitations under FERC Order 1000.

SPP recently asked FERC to allow it to waive Tariff provisions governing the IEP's selection (ER16-126). It has proposed using one of its 2016 panelists to replace a 2015 candidate who may not be able to serve.

The panel was to begin its evaluation this week of bids for the 21-mile, Walkemeyer-North Liberal 115-kV project in Kansas. (See *SPP Issues RFP for 115-kV Transmission Project*.) It will recommend a winning proposal and an alternate proposal to the SPP board.

IEP renewals from 2015 include financial consultant William Steele, rate expert Denis Bethel, transmission analyst Michael Jacobs, NERC-compliance consultant Raj Rana, planning engineer Ronald Brown, regulatory expert Steve Strickland, former Kansas Corporation Commissioner Tom Wright and former NERC vice president Dave Nevius.

The new IEP applicants are economist Monica Kachru, former Heartland Consumers Power District CEO Michael McDowell, regulatory veteran Murry Witcher, former SPP lead engineer Bob Lux, power-systems consultant Ali Al-Fayez and engineering consultant Kirk Patterson.

Skilton: 39-Cent Administrative Fee 'Still Realistic'

Finance Committee Chair Harry Skilton said an administrative fee of 39 cents/MWh "is still realistic," based on SPP's draft budget for 2016.

The administrative fee, which is collected through charges to transmission customers, funds SPP's ongoing operating costs. The budget will be voted on during the board's December meeting.

SPP in recent years has used a 10:1 ratio to describe the benefits members receive for every dollar they put in. However, Mike Ross, the RTO's senior vice president of government affairs and public relations, is working on a "comprehensive dialogue and story" of transmission's value, according to Brown.

"We want to know the true value of the transmission we invest in, the value we offer with and without that transmission," Brown said.

HR Committee Sets Merit-Compensation Increase

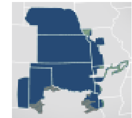
Josh Martin, chair of SPP's Human Resources Committee, said the group has set SPP staff's merit-increase budget pool at 2.5% of projected 2015 base salaries.

He said the committee has also tightened the performance compensation plan's metrics and revised its measurements for "simplicity and alignment" with SPP's strategic initiatives. The plan will now measure cost control, NERC violations, operating metrics and the annual customer-satisfaction survey.

Martin said SPP's 401(k) program has been able to save $40,000 annually with a revised fee structure for its advisers. He also noted a 96% employee participation rate in the 401(k).

— Tom Kleckner

SPP NEWS



Regional State Committee Briefs

CPP Task Force Reviews its Messaging

LITTLE ROCK, Ark. — Lanny Nickell, SPP's vice president of engineering, told the Regional State Committee on Oct. 26 that the Clean Power Plan Review Task Force has begun meeting and participating in stakeholder events with state regulatory and air-quality groups, environmental groups and legislative representatives.

Nickell said the task force, which is reviewing the final version of the Environmental Protection Agency's Clean Power Plan, continuously stresses its talking points. They include calls for a regional-compliance approach over a state-by-state approach — "bigger the trading market, the better," Nickell said — state plans developed in parallel with litigation; and telling audiences that SPP is "best positioned" to conduct reliability reviews of state plans.

"From a reliability perspective, we believe states that develop [implementation plans] give us the leverage to look at … reliability," Nickell said, responding to concern about the level of SPP's interaction with the states. "If our assessment yields reliability concerns we would share that by early 2016."

The task force faces a Jan. 21 deadline to file comments with EPA.

RSC OKs Wind Study

The RSC unanimously approved the scope of a study considering changes to a rule barring base plan transmission funding for wind generation projects that push wind's share of capacity above 20% of summer peak load.

The study resulted from Western Farmers Electric Cooperative's April request for base plan transmission funding for a wind generation project that would have boosted wind to 25% of its peak load.

Although the Markets and Operations Policy Committee rejected the co-op's request, several members called for review of the rules on base plan funding — set years ago when SPP was comprised of smaller balancing authorities and there was concern over being able to balance large swings in wind generation. (See *Wind Waiver Rejected; SPP Members will Revisit Assumptions*.)

The study scope was proposed by the Cost Allocation Working Group, which will return with a recommendation on whether to change, eliminate or keep the current process. The group hopes to complete its work by the end of next year.

New Allocation Process for Long-Term Congestion Rights

The RSC also approved a Tariff revision request establishing a new incremental long-term congestion rights (ILTCR) allocation process.

The revision request addresses a 2014 FERC order finding fault with SPP's interpretation of LTCRs. The commission rejected multiple rehearing requests in July. (See *FERC Rejects Rehearing on SPP Congestion Rights*.)

The new process will result in awards to market participants with ILTCRs when a transmission upgrade goes into service, instead of waiting until the annual LTCR allocation. Rights awarded in the initial allocation cannot be renewed; participants with candidate ILTCRs will be eligible to nominate in the same round of the next annual LTCR allocation as load-serving entity LTCRs.

New Chair, Members for RSC

The RSC meeting was Dana Murphy's last as the committee's chairperson. Murphy, an Oklahoma Corporation Commissioner in her fourth year on the committee, handed over her responsibilities to Patrick Lyons, chairman of the New Mexico Public Regulation Commission.

Murphy, always quick to thank those around her and hand out compliments, expressed gratitude to the members and SPP. "It's stretched and grown me," she said.

The committee also welcomed three new members as a result of the Integrated System's incorporation into SPP: Brian Kelk (North Dakota Public Service Commission), Kristie Fiegen (South Dakota Public Utilities Commission) and Libby Jacobs (Iowa Utilities Board). With the additions, the RSC now numbers 10 members.

— Tom Kleckner

SPP-MISO Market-to-Market Process Shows Continued Improvement

By Tom Kleckner

Market-to-market (M2M) operations between SPP and MISO continue to show improvement, with the two RTOs on track for their second-lowest exchange of funds since the process began in March.

M2M is designed to improve price convergence on flowgates along the RTOs' seams. They compensate each other for re-dispatching generation to reduce congestion in a way that reduces overall costs.

SPP staff told the Seams Steering Committee on Nov. 5 that through Oct. 20, SPP is set to receive more than $102,000 for 504 hours in M2M during the month's first three weeks. Since MISO compensated SPP for congestion costs with almost $7.9 million for March to May, neither RTO has incurred more than $379,000 in a month.

However, SPP's Gerardo Ugalde said October's M2M results will likely need to be recalculated. He said the Western Area Power Administration's addition to SPP's footprint Oct. 1 and several allocation changes led to errors in the M2M calculations.

SPP and MISO representatives are meeting this week to discuss whether M2M's objectives are being met on some of the more troublesome flowgates, along with other issues.

"SPP and MISO agree on most of the principles, so now we're to the point of developing criteria for those principles and discussing whether to apply that criteria going back to prior periods or only going forward," said David Kelley, SPP's director of interregional relations.

The seams committee also reviewed and made additional language changes to the Congestion Management Process baseline, which guides how SPP, MISO, PJM and several other entities manage market flows across their seams. The document is expected to be filed with FERC by Dec. 1, ending a year-long project.

"The idea is to get the parties to agree to a single baseline," Kelley said.

Q3 Company Earnings

Entergy Registers Q3 Loss of $723M on Nuclear Closures

By Tom Kleckner

Entergy reported a third-quarter loss of $723 million (-$4.40/share) Nov. 2, primarily as a result of the decision to close its Pilgrim and FitzPatrick nuclear plants. The New Orleans-based company's quarterly earnings compared unfavorably with its profit of $230 million ($1.27/share) a year earlier.

Entergy has announced plans to close both nuclear plants. It says neither plant can compete in the wholesale markets due to low power prices.

Operational earnings per share rose to $1.90 from $1.68, excluding the impairment charges. However, that was still below analysts' projected earnings of $2/share, according to Thomson Reuters. Revenue fell 2.5%, from $3.46 billion in the prior-year quarter to $3.37 billion this year.

"We realize these numbers, while temporary, are disappointing," said CEO Leo Denault during a conference call. "We remain focused on the long-term issues … and the best interests of our shareholders. In the near term, these decisions to close nuclear plants are very difficult to make, knowing the effect they have on our key stakeholders."

Entergy updated its 2015 operational earnings guidance to $5.50 to $6.10/share, up from $5.10 to $5.90/share and more than analyst predictions of $5.30. The revised guidance reflects warmer weather and positive tax-benefit expectations, and lower fuel, refueling outage and depreciation and amortization expenses resulting from the nuclear impairments.

Offsetting that rosy outlook is Entergy's sluggish growth in residential and industrial sales, the latter up 1.8%, far below the company's original guidance of 4.4%.

"We've seen some new expansions at plants, but the ramp-ups are lower than expected," said Theo Bunting, group president of utility operations. "We've seen lower volumes with our existing customers and some comeback in the petroleum-refining area in the third quarter, but we do have an existing customer going through an outage."

Entergy executives said continued investments and favorable regulatory rulings in Arkansas and Texas remain key drivers for future growth. The company expects to close its acquisition of the Union Power Station and its four 495-MW, combined-cycle combustion turbines in southern Arkansas by year's end.

"We need to get the Union deal done and resolve those regulatory actions," said Executive Vice President and CFO Drew Marsh. "It's important to get those investments into the rate base. Sales growth has been helpful, but it is really a lag."

"We want to provide a glide path to a more consistent, predictable dividend growth," Denault said. "In the past, we've taken a lumpy approach to it, raising the dividend 29 cents one year, taking a year off and then raising it 10 cents the next. Looking into the future, we hope to provide a consistent growth."

Entergy stock closed at $68.55 after the earnings announcement, up 39 cents. However, its stock has been pummeled in 2015, losing 21.6% of its value since opening the year at $87.48.

Xcel Q3 Earnings Rise, Exceed Expectations

By Tom Kleckner

Xcel Energy last week reported third-quarter earnings of $426 million, a 15% increase over 2014's $369 million. Its earnings per share of 84 cents was 4 cents more than analyst projections.

Xcel, which operates in eight states, credited the results to several recent rate increases, its "ongoing, successful" regulatory initiatives and "continued cost management efforts." The Minneapolis-based company said it resolved major regulatory proceedings in Colorado, Minnesota and San Diego and saw favorable legislation passed in Minnesota and Texas.

Xcel CEO Ben Fowke said the company is well positioned to meet the Environmental Protection Agency's Clean Power Plan, pointing to its recently filed Minnesota resource plan that reduces carbon emissions by 60% from 2005 levels by 2030.

Northern States Power, Xcel's operating company in Minnesota, Wisconsin and the Dakotas, plans to be 63% carbon-free by that time by adding 1,800 MW of wind and 1,400 MW of utility-scale solar, building a 230-MW natural gas plant in North Dakota and replacing its two Sherco coal generators with a 780-MW combined-cycle plant on their Minnesota site. The plan also assumes the operation of the Monticello and Prairie Island nuclear plants through their license expirations in the early 2030s.

"This proposal will advance our shift to renewable energy, add cleaner natural gas-powered generation to our system and allow us to protect reliability, jobs and community investments," Fowke said during a conference call Oct. 29.

Given the good news, Xcel tightened its 2015 earnings guidance range from $2 to $2.15 to $2.05 to $2.15/share. It also stated its 2016 earnings guidance of $2.12-$2.27/share.

"We're very confident of reaching our targets," Fowke said.

Xcel shares, however, closed down 47 cents to $35.56 after the earnings call.

Fowke told analysts Xcel will seek rate increases in Minnesota for the next three years, taking advantage of a new state law that allows multiyear requests — and saving legal expenses in the process.

Fowke also said Xcel has transferred about $100 million worth of Kansas and Oklahoma transmission facilities (230 miles of 345-kV transmission and associated equipment) from its Southwestern Public Service affiliate to its independent transmission companies. Xcel last year created Xcel Energy Southwest Transmission and Xcel Energy Transmission Development to compete for FERC Order 1000 projects in SPP and MISO.

"We felt it was an opportune [time] to move those assets into one of our transcos," Fowke said. "There's some value to having actual assets inside a transco. It gives you more gravitas when we get to the Order 1000 bidding process."

Q3 Company Earnings

Michigan Utilities See Higher Earnings as State's Economy Rebounds

By Amanda Durish Cook

CMS Energy Earnings up Sharply, Continuing EPS Growth

CMS Energy reported third-quarter net income of $148 million ($0.53/share), a 56% increase over a year earlier.

For the first nine months, CMS has netted $417 million ($1.51/share), up 9 cents/share from last year.

CMS said the results reflected its concentration on "reinvestments in its electric and natural gas operations, affordability and transitioning to cleaner energy sources."

The Jackson, Mich., utility adjusted its 2015 guidance by a penny from $1.86 to $1.89/share to $1.87 to $1.89/share. 2016's full-year guidance was introduced at $1.97 to $2.01/share. CMS boosted earnings per share 7% annually between 2010 and 2014.

Consumers Energy, CMS' principal subsidiary, has reduced natural gas costs to their lowest levels since 2001, the company reported. CMS expects an average 15% reduction in bills for residential customers over the winter as a result of abundant supply and CMS' $400 million investment over the last five years in its gas delivery and storage system. The company said it's committed to doubling investments on its natural gas pipeline and storage system over the next decade.

The company said it is benefiting from a rebound in Michigan's economy. The state's seasonally adjusted unemployment rate fell to 5% in September, the first time it has been below the U.S. average since 2000. Its GDP grew almost 14% between 2010 and 2014, the third highest in the nation behind only Texas and North Dakota.

CMS saw growth in its industrial customers in the quarter, with Chilean company Arauco announcing a new particle board manufacturing facility creating 250 jobs and General Motors adding 300 jobs as a result of expansion at its manufacturing facilities in Flint and Grand Rapids.

DTE Energy's Profits Rise with Milder Weather

DTE Energy reported third-quarter earnings of $265 million ($1.47/share), a 70% increase from 2014's $156 million ($0.88/share).

The Detroit utility said its higher earnings were due "to a return to a more normal level of weather and storm activity."

DTE's operating earnings, which exclude non-recurring items, certain mark-to-market adjustments and discontinued operations, were $252 million ($1.40/share) for the quarter, up 39% from the $181 million ($1.02/share) a year earlier.

DTE has increased its 2015 operating earnings guidance to $4.65 to $4.91/share from $4.48 to $4.72.

"This move was driven by continued strong performance within our non-utility businesses, which provided us with the platform to increase our guidance for 2015," CFO Peter Oleksiak said in a release.

In 2016, the company expects operating earnings of about $4.93/share, consistent with a predicted 5 to 6% growth rate.

"I am really pleased with our third-quarter financial results, but I am also really pleased with a number of other recent accomplishments by the company that are important to our state, as well as the communities and customers we serve," CEO Gerry Anderson said.

He cited DTE's role in adding 9,500 solar panels in Ann Arbor Township, Romulus and Ypsilanti, Mich., during the quarter and progress on its proposed NEXUS natural gas pipeline, a 250-mile project that would deliver 1.5 billion cubic feet per day from eastern Ohio to southeastern Michigan.

DTE and partner Spectra Energy expect to seek FERC approval for the project in the fourth quarter. The companies already have ordered the pipe and signed contracts for engineering, procurement, construction and project management.

DTE, which reported $1.7 billion in capital expenditures for the first three quarters, expects to spend a total of $2.5 billion for 2015, down from its previous guidance of $2.6 billion.

Post-Talen Spinoff, PPL Reports Healthy Earnings

By Suzanne Herel

PPL posted third-quarter adjusted earnings of $347 million ($0.51/share) compared with $297 million ($0.44/share) for the same period last year, a 16% increase on a per-share basis.

The company increased its forecast for per-share earnings growth to 6% through 2017, based on higher-than-expected earnings from the company's regulated operations in the U.K., CEO William Spence said. The forecast range had been 4 to 6%.

Spence also credited the projected earnings growth to more than $3 billion in annual investments in infrastructure in the U.S. and U.K.

The reporting period was the first full quarter since the Allentown, Pa., company spun off its supply division into Talen Energy.

PPL's reported earnings for the first nine months of the year reflected a loss of $915 million ($1.36/share), primarily due to the spinoff.

Earnings from ongoing operations of PPL's U.K. regulated segment for the quarter increased $0.01/share over the third quarter of 2014. There, lower income taxes and depreciation expenses were offset by lower utility revenues, the company said.

In PPL's Kentucky regulated segment, earnings from ongoing operations were up $0.04/share year-over-year, mostly due to higher returns on environmental capital investments and base electricity rates. However, that segment also experienced steeper operation and maintenance expenses.

In its Pennsylvania regulated segment, PPL reported a third-quarter bump of $0.01/share compared with last year in earnings from ongoing operations. The company attributed that to larger transmission and distribution margins, partially offset by a greater depreciation, O&M expenses and income taxes.

Q3 COMPANY EARNINGS

Exelon on Track for Blockbuster Year, Crane Says

By Suzanne Herel

Exelon is on track to deliver its best year of earnings since 2012, CEO Christopher Crane told analysts in the company's third-quarter earnings call.

"At the utilities, we're set to invest $3.7 billion this year in needed infrastructure and enhancements and grid reliability and resiliency modifications, part of more than a $16 billion investment that's planned over the next five years," he said.

The Chicago company reported third-quarter operating earnings of $757 million ($0.83/share) compared with $676 million ($0.78/share) for the same period in 2014.

Exelon credited higher revenue from the company's generation business, favorable weather in the Commonwealth Edison and PECO territories and lower storm costs for the Baltimore Gas and Electric territory. That was offset in part by higher contracting costs and interest payments on higher outstanding debt.

Crane highlighted three key initiatives for the year: PJM's new Capacity Performance product; a legislative initiative to impose a customer surcharge to fund Illinois nuclear plants; and its proposed merger with Pepco Holdings Inc.

"For the 2018/2019 auction, we cleared a significant number of megawatts at higher priced zones, and these prices exceeded our own internal expectations," he said. (See *PJM Transition Auction Means Reprieve for Exelon Nukes*.)

Regarding the legislation, which Exelon calls the Low Carbon Portfolio Standard, Crane expressed disappointment that more hadn't been accomplished. However, he said, "The overall outlook for the nuclear fleet has improved as a result of policy and market factors, namely the constructive results of the capacity auction, the positive results from the Illinois Power Agency's capacity procurement for 2016 and the long-term impact of the Environmental Protection Agency's new carbon reduction rules." (See *Exelon-Backed Bill Proposes Surcharge to Fund Illinois Nukes*.)

The proposed acquisition of PHI last week was revived by the D.C. Public Service Commission, which agreed to reconsider the deal after the companies submitted a proposed settlement reached with Mayor Muriel Bowser's administration. (See related story, *DC PSC Rulings Give Exelon-PHI Merger a Shot in the Arm*, p.25.)

"The deal remains an important strategic element to the future of Exelon, allowing us to shift our business mix to a more regulated and durable earnings stream," Crane said.

Akins: PUCO Decision on AEP Guaranteed Rate Coming Soon

By Suzanne Herel

The Public Utility Commission of Ohio should rule by the end of the year on power purchase agreements that would guarantee income to some of American Electric Power's coal plants, CEO Nicholas Akins said in the company's third-quarter earnings call.

The decision, Akins said, will have an impact on whether AEP decides to sell some of its merchant fleet. "The PPA is very, very important to our standing in Ohio overall, and whether we keep that portion of the generation or not."

AEP reported operating earnings for the quarter of $521 million ($1.06/share), compared with $493 million ($1.01/share) for the same period in 2014. The "strong earnings performance" gave the company confidence to increase its 2015 earnings-per-share forecast to $3.67 to $3.77/share from $3.50 to $3.65/share, Akins said.

"We saw positive load growth in all major retail customer classes in the third quarter. While sales to the oil and gas sector and those related to the auto industry remain strong, other industrial sectors are under pressure due to the strong dollar and the weak global economy," the CEO said.

AEP's vertically integrated utilities reported the biggest jump in third-quarter operating earnings — $55 million compared with the same period in 2014 — reflecting the impact of favorable weather and rate outcomes, the company said.

Hot Weather, Cheap Natural Gas Help PSEG Earnings

By Suzanne Herel

Public Service Enterprise Group's third-quarter operating earnings benefited from hot weather, increased investment in infrastructure and the continued low cost of natural gas, CEO Ralph Izzo said.

The Newark, N.J., company reported adjusted earnings of $403 million ($0.80/share) compared with $393 million ($0.77/share) last year.

Izzo noted that since the beginning of the year, the company's five-year capital program has increased by 20% to $15.6 billion.

That boost in spending, he said, should drive "double digit" growth in the rate base through 2019. The company also is adding 1,300 MW of gas-fired combined-cycle capacity to PSEG Power's generating fleet.

Public Service Electric and Gas reported operating earnings of $222 million ($0.44/share) for the third quarter compared with $200 million ($0.39) last year. The earnings were helped by warmer-than-normal weather, a slight increase in electric demand and revenue recovery on infrastructure-related investment programs. They also reflected an increase in pension expense.

After having retired about 1,800 MW in the second quarter of less efficient capacity that didn't meet New Jersey's environmental standards, PSEG Power reported operating earnings for the third quarter of $170 million ($0.33/share) compared with $171 million ($0.34/share) last year.

Q3 COMPANY EARNINGS

FirstEnergy Posts Strong Third-Quarter Earnings, Raises Guidance

By Suzanne Herel

FirstEnergy reported third-quarter operating earnings of $0.98/share, compared with $0.89/share in the same period of 2014, reflecting higher distribution sales and the impact of previously resolved rate cases, the company said in an earnings call.

Overall, it reported earnings of $395 million ($0.94/share) for the quarter, compared with $333 million ($0.79/share) last year.

The Akron, Ohio, company also raised and narrowed its guidance for the year's operating earnings to $2.67 to $2.75/share from its previous prediction of $2.40 to $2.70.

"Our strong third-quarter results reflect a solid performance across all three of our businesses — Regulated Distribution, Regulated Transmission and Competitive Energy Services," CEO Charles Jones said.

Jones said the company had made "tremendous progress" on three key initiatives: its cash-flow improvement project, PJM capacity market reforms and the Ohio Electric Security Plan, under which the company is seeking power purchase agreements.

He said the cash-flow improvement project, which seeks savings ideas from across the company, should generate $240 million in improvements by 2017.

Jones said he was "cautiously optimistic" about the capacity market reforms, noting that the clearing prices were in line with expectations and come closer to reflecting the true operating costs of generation.

Regarding the Electric Security Plan, he said, "We currently expect a decision by early 2016."

Operating earnings in the Regulated Distribution business increased due to hot weather and approved rate cases. Distribution deliveries were up nearly 3% overall compared with the same time last year, also driven by hot weather along with an increase in commercial sales.

Operating earnings also increased year-over-year for the Regulated Transmission business, in part from revenues related to FirstEnergy's Energizing the Future transmission upgrade program.

Higher capacity revenues, lower purchased power costs and lower transmission charges contributed to increased operating earnings in the Competitive Energy Services segment.

Weather, Farmout Transactions Help Dominion's Bottom Line

By Suzanne Herel

Dominion's third-quarter operating earnings fell in the middle of its guidance, at $1.03/share on $611 million, compared with $545 million ($0.93/share) for the same period in 2014.

The Richmond, Va., company attributed the increase to favorable weather and "farmout" revenues from the assignment of gas interests to third parties.

Dominion predicts fourth-quarter earnings in the range of $0.85 to $0.95/share, compared with $0.84/share last year.

"We continue to execute with strong operational and safety performance, and all major projects in our infrastructure growth plan are on time and on budget," CEO Thomas Farrell II said.

The construction of a 1,358-MW natural gas combined-cycle facility in Brunswick County is 89% complete and set to begin operating in mid-2016.

Farrell also noted that during the third quarter, Dominion submitted the Atlantic Coast Pipeline and Supply Header Project for FERC approval, with construction on both planned for the fourth quarter of 2016.

"Our Cove Point liquefaction project is also progressing on time and on budget," Farrell said. "The project overall is about 47% complete, and engineering — at 95% — is nearly complete."

Eversource Q3 Earnings Flat; 2015 Earnings Up So Far

By William Opalka

Eversource Energy earned $235.9 million ($0.74/share) in the third quarter, about the same as its $234.6 million ($0.74/share) for the same period a year ago.

Results included after-tax integration costs of $1.7 million in 2015 and $3 million in 2014 from the combination of Northeast Utilities and NSTAR.

In the first nine months of 2015, Eversource earned $696.7 million ($2.19/share), compared with $597.9 million ($1.89/share) in the first nine months of 2014.

"We're having a very successful year exceeding our financial and operational targets and advancing key initiatives to provide our region with long-term sources of low-cost, clean energy," Eversource CEO Thomas J. May said in a statement.

The company also narrowed its 2015 earnings guidance to $2.80 to $2.85/share, which May said is "very consistent with our projected long-term EPS growth rate of 6 to 8%."

Eversource's electric distribution and generation segment earned $167.7 million in the third quarter, compared with $153.4 million in the third quarter of 2014.

Its transmission segment earned $78 million in the most recent quarter versus $88.1 million in the third quarter of 2014.

Q3 Company Earnings

NiSource Rebounds After Emerging as a 'Pure-Play' Utility

NiSource on Tuesday reported third-quarter income from continuing operations of $14.8 million ($0.05/share), a reversal from the Merrillville, Ind., company's 2014 third-quarter loss of $17.2 million (-$0.05/share).

NiSource CEO John Hamrock said results for the company's first quarter as a "pure-play" utility were "solidly" in line with expectations and indicate that the company is primed for growth. On July 1, NiSource separated itself from Columbia Pipeline Group, distributing all of the NiSource-held common stock of CPG to NiSource shareholders.

The company said it continued to plan spending $1.3 billion on infrastructure improvements in 2015, part of its $30 billion long-term investment plan.

"During the quarter, we continued our disciplined execution of infrastructure and environmental investments complemented by regulatory initiatives, which are providing long-term safety and reliability and environmental benefits," Hamrock said in a conference call.

Northern Indiana Public Service Co. filed its first electric rate case in five years on Oct. 1. A decision by the Indiana Utility Regulatory Commission is expected in the third quarter of 2016.

— Amanda Durish Cook

WEC Energy Shows $183M Profit After Integrys Deal

WEC Energy Group on Wednesday reported net income of $182.5 million ($0.58/share) for the third quarter, its first reporting period since Wisconsin Energy acquired Integrys to form WEC Energy on June 29. Wisconsin Energy's stand-alone earnings, excluding acquisition costs, totaled $0.61/share for the period, up from $0.57/share a year ago.

Revenue for the third quarter totaled $1.7 billion, with Wisconsin Energy contributing $1.07 billion and Integrys delivering $630 million.

The expanded company now serves 4.4 million customers in Wisconsin, Illinois, Michigan and Minnesota. (See *Michigan OKs Wisconsin Energy-Integrys Merger*.)

"I'm very pleased with our post-acquisition work, and we remain highly confident that the merger will deliver tangible benefits," CEO Gale Klappa said in a release.

At the company's We Energies utility, residential electricity use increased by 11.5% over last year's third quarter, while electricity use by small commercial and industrial customers rose 1.6%. Large C&I customers' electricity use — excluding the iron ore mines in Michigan's Upper Peninsula — increased by 0.6%.

— Amanda Durish Cook

DC PSC Rulings Give Exelon-PHI Merger a Shot in the Arm

By Suzanne Herel

Exelon's proposed acquisition of Pepco Holdings Inc. has been re-energized by the D.C. Public Service Commission, which unanimously agreed to reopen the case and denied intervenor status to a group that wants to buy PHI's district assets.

The companies also won approval of an expedited timeline for reconsideration, with closing briefs due Dec. 18.

On Oct. 30, regulators rejected a late request to intervene by D.C. Public Power, a newly formed advocacy group that has proposed to buy Pepco's district holdings post-merger and create a non-profit utility. (See Group Proposes to Buy Pepco DC's Assets.)


Overturf

"We are obviously disappointed with the PSC's decision, and at this time we are evaluating our options and considering what's next," CEO Michael Overturf said.

Meanwhile, seven of the D.C. Council's 13 members have sent a letter to the PSC adding their support to a settlement agreement brokered by Mayor Muriel Bowser's administration that would offer the district $78 million in public benefits.

The letter, dated Oct. 16, was not posted to the PSC site until after the commissioners voted Oct. 28 to reopen the matter. Among the signers were council members Brianne Nadeau and Brandon Todd, who previously had expressed to the PSC their opposition to the deal.


Nadeau

Nadeau posted the letter to her website, saying she had "decided to support the proposed settlement, which addresses her original concerns by protecting ratepayers through early 2019, providing assistance for low-income citizens and including a commitment to expand solar and wind power along with millions to support additional renewable energy development."

Neither the council nor the mayor has a formal role in the decision-making process. The three-member commission unanimously rejected the merger in August, ruling that it was not in the public interest. However, Commissioner Willie Phillips issued a partial dissent, saying he was "disappointed in the loss of the many opportunities" the merger could have brought the district. (See Mayor's Settlement Puts DC PSC on the Spot in Exelon-Pepco Deal.)

The acquisition already has been approved by FERC and regulators in Delaware, Maryland, New Jersey and Virginia. In Maryland, however, the Office of People's Counsel is trying to get a court-ordered review of the PSC's decision. That effort was joined by Attorney General Brian Frosh, who filed an amicus brief in Queen Anne's County Circuit Court on Oct. 28.

In agreeing to reconsider the merger in the district, PSC Chairwoman Betty Ann Kane said, "We will be releasing more of the details of the process, but we are all committed to seeing that this proceeds in a manner that is open, that is transparent, that is fair and that gives the commission the information and the opportunity that it needs to make a decision on whether this proposal is in the public interest."

While winning over a number of former critics, notably People's Counsel Sandra Mattavous-Frye and Attorney General Karl Racine, the settlement failed to garner the support of intervenors representing environmental and green energy interests. They say the fundamental conflict between Exelon's commitment to its merchant generation and the district's move toward renewable energy — a concern cited by the PSC in its denial — remains.

Exelon and Pepco requested a 150-day timeline for consideration of the revised deal. If the acquisition doesn't close by Dec. 31, Exelon must buy back $2.75 billion of debt it financed to pay for the takeover at $1.01 on the dollar, CEO Christopher Crane recently told Bloomberg. Meanwhile, the company is paying $10 million per month in interest on the bonds it sold in June.

Crane also said that Exelon might walk away from the deal if it is not approved within five months.

Power DC, a coalition of public interest groups opposed to the merger, expressed disappointment with the PSC's decision to reconsider the merger and the approved timeline. It had asked the PSC to take until June 30 to provide ample time for public input. With more than 3,000 comments, the deal has attracted the most public participation of any issue in the PSC's history of more than a century.

"Exelon's latest settlement offer still does not address the fundamental conflicts of interest identified by the PSC when it rejected the merger in August," Power DC said in a statement after the Oct. 28 vote. "We will continue to work tirelessly over the coming weeks to ensure that the people are protected from this bad deal for D.C." (See Merger Opponents Question Pepco's Tactics.)

Expectedly, PHI was pleased with the vote.

"The procedural schedule approved by the commission has reply briefs filed on Dec. 18, which would allow for the commission's decision sometime in the first quarter of 2016," said Myra Oppel, PHI's vice president for regional communications. "The schedule affords all parties and the public a fair opportunity to present their positions and ensures that the commission has a complete record to render its decision."

The new timeline called for testimony supporting the settlement agreement to be filed by Oct. 30. District Department of the Environment Director Tommy Wells, the D.C. government, Exelon and Pepco, the Apartment and Office Building Association, the D.C. Water and Sewer Authority, the National Consumer Law Center, the National Housing Trust, the National Housing Trust-Enterprise and the Office of People's Counsel submitted hundreds of pages of direct testimony.

The new filing deadlines are as follows:

- Nov. 6: Data requests to settling parties regarding settlement agreement and supporting testimony.
- Nov. 13: Settling parties' responses to data requests regarding settlement agreement and supporting testimony.
- Nov. 17: Non-settling parties' testimony.
- Nov. 20: Data requests to non-settling parties regarding settlement agreement and supporting testimony.
- Nov. 25: Non-settling parties' response to data requests regarding settlement agreement and supporting testimony.
- Dec. 2-3 and possibly Dec. 4: Public interest hearings.
- To be announced: Community hearing.
- Dec. 11: Initial briefs.
- Dec. 18: Reply briefs.

COMPANY BRIEFS

Xcel Energy Using Drone To Monitor ND Tx Lines

Xcel Energy has launched North Dakota's first Federal Aviation Administration-sanctioned utility flight of an unmanned aircraft. The drone, which measures about 4.5 feet in length, resembles a small helicopter and is being used to inspect a 7-mile section of a transmission line as part of an FAA pilot project.

The aircraft Xcel is using is a Pulse Aerospace Vapor 35, a 35-pound drone with about a 5-mile, one-hour range while transmitting images and data to a ground station. The 230-kV line runs from Xcel's Prairie substation in Grand Forks to the Canadian border, where it connects with Manitoba Hydro Electric Energy.

The drone technology can also be used in security flights to assess infrastructure damage and construction work.

More: *Forum News Service*

Coal-Fired Power Plants Begin Installing Emissions Controls

Two Farmington-area power plants in northeastern New Mexico have begun installing pollution controls to comply with federal regulations intended to reduce atmospheric haze. The multimillion-dollar retrofitting projects at San Juan Generating Station and Four Corners Power Plant are to be completed by 2018.

The upgrades are intended to comply with the Environmental Protection Agency's 1999 regional haze rule, which calls for the "best available retrofit technology" to be added to industrial facilities that emit air pollutants that cause or contribute to regional haze. EPA finalized additional portions of the rule this summer.

The pollution controls will also help the state comply with EPA's Clean Power Plan, which aims to reduce carbon pollution from power plants to address climate change.

More: *The Daily Times*

PPL Planning New Pa.-NY Transmission Project

PPL Electric Utilities is proposing a transmission line linking the grids of northern Pennsylvania and southeastern New York to strengthen reliability in the region.

Called Project Compass, the line is expected to cost $500 million to $600 million. The first leg would be a 95-mile 345-kV line running from Lackawanna County, Pa., to Rockland County, N.Y.

The link is expected to save New York customers $200 million annually. PPL, which operates in Pennsylvania, is recommending that New York state customers pay the line's cost.

More: *Times Herald-Record*

Kemper Plant Announces Cost Overruns – Again

Southern Co. has increased the estimated cost of its troubled Kemper County coal gasification power plant in Mississippi by another $159 million, the latest price boost for a project whose cost has risen from $2.8 billion initially to $6.4 billion.

Mississippi Power, a Southern subsidiary, said it will absorb about $110 million of the most recent overruns but is likely to ask the state Public Service Commission to pass on to customers the remaining $49 million. The PSC has already allowed Mississippi Power an emergency 18% rate increase after the utility said it was running out of money.

A utility spokesman said much of the most recent cost overruns are associated with the need to fix problems and go into startup mode. The plant may not go into operations until the end of next June.

More: *Associated Press*

Panda Power Announces Another Pa. Power Plant

Panda Power Funds said it has arranged financing for its latest Pennsylvania natural-gas fired power plant, a 1,124-MW station

on the site of the retired Sunbury coal-fired station. Panda said the new Hummel Station will use gas from the nearby Marcellus Shale fields.

Panda is employing a three-on-one combustion turbine combined-cycle plant that uses Siemens turbines and generators. Bechtel will be the construction manager. The plant, which is due to be completed in 30 months, is expected to cost about $710 million.

Hummel Station is Panda's third new natural-gas plant in Pennsylvania and its seventh in the nation.

More: *LCG Consulting*; *Electric Light & Power*

Vermont Yankee Sirens Sounding Together for Last Time

The 37 emergency sirens tied in to the Vermont Yankee nuclear generating station emergency notification network are going to be tested all at once for the last time this weekend, a station spokesman said.

The plant is being decommissioned, and it has a request before the Nuclear Regulatory Commission to terminate its emergency planning activities in April. The sirens will still be tested individually until then.

The sirens are located in Vermont, Massachusetts and New Hampshire towns located within 10 miles of the plant.

More: *Associated Press*

Duke Conducting Groundwater Studies Enviros Call Flawed

Duke Energy is assessing groundwater to learn whether ash ponds at its power plants are contaminating private wells. Residents living near two Duke power plants have been advised to avoid drinking well water. Tests conducted by the company have found increased levels of vanadium and hexavalent chromium, which are suspected carcinogens.

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COMPANY BRIEFS

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There are no federal safety levels for those substances, however, and the state Department of Environmental Quality says the contaminants can occur in areas unrelated to coal ash impoundments, so they may not be connected to the ash dumps. "The fact that some well owners many miles from coal ash impoundments and municipal water customers are consuming water with levels at the same level, or higher, leads investigators to believe that vanadium and hexavalent chromium also occur naturally," the agency wrote well owners Oct. 15.

In a letter to state authorities, the Southern Environmental Law Center said that Duke's studies are flawed. "The assessments we've reviewed contain bad science and do not determine the full extent of Duke Energy's coal ash pollution of our groundwater and drinking water sources," it said.

More: The Charlotte Observer

PSE&G Building Solar Plant on Old Landfill

Public Service Electric and Gas is nearing completion on a 13-MW solar array it is building on a closed 50-acre Superfund landfill in Burlington County, N.J.

PSE&G will own and operate the solar farm, which is scheduled to go into service near the end of this year. The facility will be the largest photovoltaic array that PSE&G has built so far under its Solar 4 All program, in which the utility is developing 125 MW of grid-connected solar power.

More: Recycling Today

Cove Point Protesters Disrupt Monday Night Football

Source: We Are Cove Point

Four people were arrested at Bank of America Stadium in Charlotte, N.C., during a Monday Night Football game last week, after activists protesting Dominion Resources' Cove Point LNG facility rappelled from an overhang in front of the press box.

The protesters, belonging to the organization We Are Cove Point, held a sign that said "BoA: Dump Dominion." They said they were protesting Bank of America's financing of the liquefied natural gas export facility in Lusby, Md.

The incident occurred during the third quarter of the game between the Carolina Panthers and Indianapolis Colts. Police and stadium security cleared the section of the stadium below the press box, but firefighters had to forcibly remove the protesters when they refused police orders to come down.

More: The Charlotte Observer; We Are Cove Point

Dynegy to Shutter Wood River Plant

Dynegy announced plans Nov. 4 to close its Wood River Power Station in mid-2016. The 465-MW facility in Alton, Ill., contains two coal-fueled units, one that began operating in 1954 and the other in 1964.

Dynegy said it's being forced to retire the 60-plus-year-old Wood River because the utility cannot turn a profit under the "poorly designed wholesale capacity market in Central and Southern Illinois that does not allow competitive generators to recover costs."

Dynegy expects to file a formal retirement notice with MISO by Dec. 1. The RTO will determine whether the plant is needed for grid reliability. Dynegy CEO Robert C. Flexon said that if capacity auction conditions in Illinois don't change, other generating plants in the MISO-controlled portions of the state could face similar financial obstacles.

More: The Telegraph

Entergy Names Hinnenkamp COO; Will Oversee Capital Investments

Entergy announced Oct. 30 it has appointed Paul Hinnenkamp as its senior vice president and COO, effective Nov. 1. Hinnenkamp replaces the outgoing Mark Savoff and will report directly to the New Orleans-based corporation's chairman and CEO, Leo Denault.

Hinnenkamp is responsible for executive oversight of fossil generation, transmission, system planning and capital projects-management. Denault said his assignment will be important "at a time when we are deploying significant capital resources to replace aging generation and modernize our grid for enhanced reliability."

Earlier this year, Entergy reported the need to add approximately $3.7 billion in new generation resources consisting of six new power plants by 2020 and 635 miles of new and upgraded transmission by 2022.

More: Entergy

Exelon Says Feds Knew About Radioactive Dumps

Exelon is accusing the federal government of having knowledge of and approving a radiological waste dump in the 70s that is now causing concern because of an underground fire at an adjacent landfill.

In 1973, 43,000 tons of what was billed as "clean fill dirt" was dumped at West Lake Landfill on the western edge of St. Louis County; however, almost a quarter of the dirt was in fact radioactive waste from a nearby storage site owned by Colorado-based Cotter Corp.

Today, Exelon Chicago retains Cotter's liability for the West Lake contamination, while the Department of Energy holds the liability for the Atomic Energy Commission, which records show ultimately approved the dump despite false claims by Cotter about the location.

In 1974, AEC approved the termination of Cotter's license for the radioactive material, a move critics say should have never happened. By 1975, AEC was dissolved, with responsibilities eventually passed to the Nuclear Regulatory Commission. The former commission had long been accused of being too cozy with the nuclear industry.

Public concern about the incident has recently increased because of an underground fire burning at the adjacent Bridgeton Landfill, prompting concern that the fire will spread to West Lake and release radiation. The Environmental Protection Agency has said that the fire is not moving toward West Lake, and a plan for cleanup will be introduced in late 2016. In the meantime, Exelon has inferred that the federal government might have allowed more toxic waste into the landfill since Cotter's dispatch over 40 years ago. A spokesperson for Exelon said more on-site testing at the landfill is needed.

More: St. Louis Post-Dispatch

FEDERAL BRIEFS

No Court Action on Clean Power Plan Until Dec.

A federal appeals court indicated it will not decide on challenges to the Environmental Protection Agency's Clean Power Plan until the end of December, too late to make a statement directed at the global climate change talks scheduled for early December in Paris.

Opponents to the carbon emissions rule wanted the D.C. Circuit Court of Appeals to stay the regulations until after the United Nations summit. But the court's most recent filing schedule allows opponents and EPA to file documents until Dec. 23. So far, 26 states and businesses and interest groups have joined in the action to stop the rule.

More: *The Hill*

Global Climate Change Goals Good Start, but not Enough

A United Nations analysis of promises made by 146 countries to cut greenhouse gas emissions indicates that the proposed cuts will have a positive impact but won't reverse climate change.

The data analysis will be examined at the U.N.'s climate change conference in Paris beginning Nov. 30. The analysis concluded that while the cuts would reduce global warming trends by almost 3 degrees Celsius over 100 years, the reduction is not enough to meet a 2-degree limit on temperature increases, a scientific consensus "limit of safety."

More: *The Guardian*

NV Energy, CAISO Wait for FERC Approval to Enter EIM

NV Energy of Nevada and CAISO have delayed the utility's entry into the ISO's Energy Imbalance Market pending final authorization from FERC.

NV Energy would be the second utility to enter the EIM. PacifiCorp joined in 2014. Puget Sound Energy of Washington and Arizona Public Service also plan to join the market next October.

More: *CAISO*

APPA's Sue Kelly Named One of DC's 'Most Powerful Women'


Kelly

The *Washingtonian* has recognized Sue Kelly, the president and CEO of the American Public Power Association, as one of D.C.'s 100 "Most Powerful Women" in its November 2015 print issue.

Kelly took the helm of the trade organization in the spring of 2014, and the magazine said she has improved the association's relationship with the media, lawmakers and other energy trade groups.

"This is a proud moment not just for Sue and APPA but for all of public power," said Doug Hunter, APPA board chair and CEO of the Utah Associated Municipal Power Systems. "We appreciate how effectively Sue has raised our profile in the nation's capital."

More: *Public Power Daily*

Renewables Count for 60% of New Capacity in 2015

FERC says that renewable energy accounted for about 60% of the new generation capacity added in the U.S. in the first three quarters of 2015.

FERC's Energy Infrastructure Update shows wind, hydro, solar, biomass and geothermal accounted for 4,380 MW of the total 7,276 MW of installed capacity added during the first nine months of 2015. That breaks down to 2,966 MW of wind, 1,137 MW of solar, 205 MW of biomass, 45 MW of geothermal and 27 MW of hydro.

By comparison, over the same period, about 2,884 MW of natural gas generation came online, along with 12 MW of coal and oil-fired generation.

More: *SeeNews Renewables*

Pipeline Opponents Ask FERC For Single Review of Projects

About 30 opposition groups in Virginia and West Virginia are asking FERC to combine the commission's reviews of four natural gas pipeline projects. They want a single environmental impact statement that studies the cumulative impact of the projects.

"Our region is facing an unprecedented level of natural gas infrastructure development," said the groups, which include the Sierra Club, the Augusta County Alliance and the Friends of the George Washington Forest Against Fracking.

The projects they've asked FERC to conjoin are the Atlantic Coast Pipeline, Mountain Valley Pipeline, Appalachian Connector Pipeline and the WB Express Project. The pipelines are designed to deliver natural gas found in the Marcellus and Utica shale regions to coastal population centers.

More: *Virginia Business*

NRC Developing New Cybersecurity Rules

The Nuclear Regulatory Commission has issued a new list of cybersecurity reporting requirements for nuclear power plants.

The rules will require greater reporting of cyberattacks to improve understanding of the digital threats facing nuclear reactors. The information will aid in NRC's "analysis of the reliability and effectiveness" of cybersecurity programs for nuclear power reactors, according to a Federal Register notice.

The move comes in the wake of real or rumored hacks of computer systems at nuclear plants around the globe. A recent report out of the U.K. charged that the nuclear industry is ignoring the risks of such attacks.

More: *The Hill*

NRC Rejects Call to Look Into Vermont Yankee Funds

The Nuclear Regulatory Commission says Entergy's Vermont Yankee's decommissioning fund is healthy and doesn't need to be audited, rejecting a request from Vermont state officials for a closer examination.

The state asked NRC to limit Entergy's use of the funds set aside for the plant's retirement for anything other than radiological decommissioning.

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FEDERAL BRIEFS

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NRC Spokesman Neil Sheehan said the Vermont Yankee decommissioning account has 60 years' worth of funds in it and the company may complete the decommissioning in less time than that. "In terms of that time frame, the company should have sufficient funding to not only carry out radiological decommissioning but also to perform other activities and use the money for other uses," Sheehan said.

More: *Vermont Public Radio*

NRC: Earthquake Risk Study Further Along than Thought

A detailed examination of risks to U.S. nuclear generating facilities won't take as long as first anticipated, according to the Nuclear Regulatory Commission.

All of the country's operating nuclear plants were ordered to reassess seismic risks after the 2011 Fukushima disaster in Japan. NRC at first said 33 sites needed further review, but it reduced that number to 20 after closer examination. The agency said all of the reviews will be completed by the end of 2019, a year earlier than initially projected.

More: *World Nuclear News*

STATE BRIEFS

REGIONAL

Report: EV Use not Growing Fast Enough to Meet State Goals

A report by three environmental groups says usage of electric vehicles is growing, but not fast enough to meet goals set in a 2013 memorandum of understanding signed by officials in eight states in the Northeast and Midwest.

"Charging Up," the report by the Conservation Law Foundation, the Sierra Club and Acadia Center, offers recommendations for increasing the number of electric vehicles on the road. They include auto dealership and consumer incentive programs, policies to encourage widespread availability of consumer-friendly charging stations, public education initiatives to raise awareness about the benefits of electric vehicles, and the use of electric vehicles in municipal and statewide fleets.

New York leads the way, with 12,000 EVs at mid-year, but its goal for 2025 is about 852,000. It would need to add almost 53,000 in the next two years. Meanwhile, Rhode Island is furthest behind, both in total and in reaching its goal: the state has registered only 421 EVs out of 43,596 needed.

More: *New Haven Register*; *Worcester Business Journal*

ISO-NE Issues 2015 Regional System Plan

ISO-NE has issued its 2015 Regional System Plan, the annual report that provides the foundation for long-term power-system planning in New England.

The comprehensive report details power system needs for the next 10 years, through 2024, and how these needs can be addressed. A preliminary draft was discussed at a presentation in September. (See *ISO-NE Sees Flat Load Growth, More Solar and Wind*.)

"The Regional System Plan charts the progress of the regional high-voltage power system, identifies the challenges to continued reliability, and forecasts future developments," ISO-NE CEO Gordon van Welie said. "New England's energy landscape is undergoing a dramatic transformation as oil, coal, and nuclear power plants retire, more generators are fueled by natural gas, and wind and solar resources are added to the power system."

More: *ISO-NE*

ARKANSAS

Court Gives EPA Deadline For Regional Haze Plan

A U.S. District Court judge ruled Nov. 3 the Environmental Protection Agency has until Aug. 31 to approve a regional haze plan for the state, which the Sierra Club said should have been done years ago.

The Sierra Club brought the lawsuit against EPA in 2014, charging that the agency should have promulgated a federal implementation plan for the state in 2014 but didn't, according to the order filed by Judge J. Leon Holmes.

More: *Arkansas Business*

COLORADO

PUC Won't Force Xcel to Share Facilities with Boulder

The City of Boulder cannot acquire Xcel Energy facilities that exclusively serve customers outside city limits, and the Public Utilities Commission will not force the utility to share facilities with the city, the commission ruled Nov. 4.

The commission partially dismissed an application from Boulder to acquire facilities, including substations and distribution infrastructure, outside city limits for the creation of a city-run energy utility.

However, the commission said it would allow Boulder and Xcel to engage in discovery and allow the city to supplement its original application after it learns more about Xcel's system.

More: *Daily Camera*

DELAWARE

Bloom Energy Loses Lock On Renewable Energy Program

Fuel cell manufacturers other than Bloom Energy will be able to compete in the state's renewable energy program under a settlement of a federal lawsuit brought by FuelCell Energy.

The Connecticut company had claimed that a 2011 amendment to the state code designed to entice Bloom Energy to set up a factory in Newark discriminated against

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out-of-state companies.

Bloom's deal with the state allowed Delmarva Power and Light to count power from fuel cells manufactured in the state toward its renewable energy purchase requirements. Rival out-of-state manufacturers argued the law illegally excluded them.

More: *The News Journal*

LOUISIANA

'Intellectual Capital' Could Fuel NOLA's Future in Energy Sector

The energy industry is still an economic force in the state, though the number of company headquarters in New Orleans has declined amid Houston's rise as a global energy hub.

New industrial projects sparked by low oil and gas prices promise to add thousands of blue-collar jobs in the region, from welders to pipefitters to maintenance workers. But New Orleans is also trying to reclaim its title as a white-collar energy town.

Michael Hecht, CEO of Greater New Orleans Inc., said New Orleans has emerged as a hospitable place to move or start a technology firm. It is only a matter of time before local tech growth intersects with the city's historical strength in energy, he said.

More: *The Times-Picayune*

MARYLAND

CCBC Flips Switch On New Solar Array

The Community College of Baltimore County's three main campuses have begun using a system of 16,500 solar panels that cover 1,400 parking spaces.

The installation is expected to generate 6.5 million kWh of electricity per year.

The carports were built by Constellation Energy. The college signed a 20-year agreement to buy power from the system, which is expected to save it $4 million in electricity costs.

More: *The Baltimore Sun*

MASSACHUSETTS

Solar Farm Powered Up

Nexamp Peak, the largest community solar installation in the Northeast, has been powered up.

After more than three years of preparation and three months of construction, the facility is poised to generate 2.3 MW, 50% of which will be used by Jiminy Peak Mountain Resort. The balance of the generated power will be sold to 115 local subscribers at a 15% discount from the residential retail rate.

The solar farm, which contains 7,500 solar panels over 12 acres, is within the service areas of both National Grid and Eversource Energy, with interconnection agreements established with both companies. Final connection to both utilities is expected in the next four weeks.

More: *Berkshire Eagle*

Cape Wind Developer Still Sees Hope

Recent developments have revived the hopes of Cape Wind developer Jim Gordon that the controversial wind farm project in Nantucket Sound can survive several serious blows earlier this year, as it missed a crucial financing deadline and lost major contracts from utilities Eversource Energy and National Grid.

State lawmakers have expressed support for legislation that would direct utilities to enter into more long-term contracts for clean energy, including imposing a potential requirement favoring offshore wind sources. And the Pilgrim nuclear power plant's recent announcement that it would close by 2019 is adding pressure on policymakers to find new sources of power that don't produce greenhouse gases.

"It's just more urgent to really start accelerating the penetration of renewable energy projects in this region," said Gordon, who was a major player in building the first generation of natural gas plants in New England. "We think we've got a terrific project in a great location."

More: *The Boston Globe*

MISSOURI

Joplin Seeking Permission to Intervene in Empire Rate Case

Joplin city leaders will ask the Public Service Commission to allow the city to intervene on behalf of residents in a pending request by Empire District Electric to raise electric rates next year by more than 7%. Empire has asked the PSC to allow a $33.4 million increase in rates next year, in part to cover costs the company said it will incur to comply with new pollution regulations.

The city intervened in Empire's 2014 rate case, when the company sought a $26.5 million increase. After hearing the case, the PSC reduced Empire's increase to $17.13 million.

Empire said in the filing of the rate request that it is needed to pay for compliance with new pollution standards as well as compliance with the 2008 law known as Proposition C, which requires utilities to incorporate wind and solar power into their electricity production.

More: *The Joplin Globe*

NEW JERSEY

New Tool Proposed to Compare Residential Energy Prices

The state Senate has approved legislation that would require electricity and gas suppliers to provide current pricing to the Board of Public Utilities, which would make them accessible to consumers in a single database.


Singer

The measure, which must still be passed by the General Assembly, is designed to make it easier for residents to pick the most economical energy supplier.

Few residents have changed suppliers since the market was deregulated, but doing so could cut some bills by as much as 20%, according to Sen. Bob Singer.

More: *NewsWorks*

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State Briefs

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NEW MEXICO

Jury Finds Utilities Responsible for Massive Fire

A state District Court has found that the negligence of two electric utilities resulted in the 2011 Las Conchas Fire, at the time the largest blaze in the state's history. The verdict came following four weeks of testimony.

The fire, which consumed 156,000 acres, broke out when a gust of wind caused an aspen tree to fall onto a Jemez Mountains Electric Cooperative power line located on U.S. Forest Service land. Tri-State Generation and Transmission Association provided wholesale electricity distributed by the co-operative.

The jury found that both JMEC and Tri-State were negligent, and that their negligence caused damages to the plaintiffs. They further found that JMEC was 75% responsible, Tri-State was 20% responsible and the Forest Service was 5% responsible.

More: *Albuquerque Journal*

PRC Spends Big on Defense in San Juan Case

The Public Regulation Commission has approved spending nearly $215,000 on lawyers to represent four commission members who an alternative-energy advocacy group seeks to have removed from deliberations over the aging San Juan Generating Station.

The case, pending before the state Supreme Court, will bring together two of the state's highest-profile political lawyers at the defense table on Nov. 9 when the high court hears arguments in the case filed by the advocacy group, New Energy Economy.

New Energy claims the four elected regulators have shown bias toward Public Service Company of New Mexico and can't be trusted to make a fair decision on the company's plans for the coal-fired power plant.

More: The Santa Fe New Mexican

PRC Denies EPE Solar Rate-Class Structure

The Public Regulation Commission has denied El Paso Electric's move to create a separate rate class for solar residential customers in the utility's proposed rate increase case.

The commission's vote was 3-2 against the utility. "We reviewed our rules, state statute and federal law and upheld that El Paso Electric cannot do that," said Commissioner Sandy Jones, whose PRC district includes Las Cruces. "We cited a number of federal rules … We felt like the facts were against them."

Homeowners and solar installers had criticized the proposal, saying a separate rate category would penalize solar customers who operate systems they claim benefit El Paso Electric. Eddie Gutierrez, El Paso Electric vice president of external and public affairs, said the PRC's decision won't change rate increases sought by the utility.

More: *Las Cruces Sun-News*

PRC Settles with Newspaper Over Confidential Docs

The Public Regulation Commission has agreed to pay $20,000 to the *Santa Fe New Mexican* to settle all pending litigation over the PRC's effort in August to block the newspaper from publishing documents it had obtained regarding the regulatory case on the San Juan power plant.

The five commissioners unanimously approved the settlement, which includes official acknowledgement of constitutional protections. It also commits the PRC to never again attempt to impose a prior restraint on publication of information by the paper.

Responding to a reporter's public records request, the agency in August accidentally included several documents marked "confidential" among emails to and from the commission pertaining to Public Service Company of New Mexico's plans to replace two coal-fired units at the 43-year-old San Juan plant with a combination of coal, nuclear power and a small portion of solar power.

More: *Santa Fe New Mexican*

NEW YORK

Obama Official: Offshore Wind Top Priority


Hopper

An Obama official said that helping the state develop offshore wind projects is a top priority right now.

Speaking at the fall conference of the Alliance for Clean Energy New York, Abigail Ross Hopper, director of the federal Bureau of Ocean Energy Management, said that getting offshore wind projects up and running off New York City and Long Island is going to happen in the next couple of years.

Hopper said that she would like to see offshore wind projects launched by the time Obama leaves office. Officials with ACENY believe that large offshore wind projects that feed into the state's wholesale electricity market will be the key to helping it achieve its goal of getting 50% of its electricity from renewable sources by 2030.

More: Times Union

NYISO Names VP for External Affairs

NYISO named Kevin Lanahan as vice president for external affairs to lead its regulatory affairs, government relations, stakeholder/member services, media relations and corporate communications activities.

"Kevin Lanahan is an experienced energy industry professional with a diverse background and outstanding knowledge of New York's electric system," said NYISO President and CEO Brad Jones. "He is superbly equipped to guide the NYISO's role as an authoritative source of information on key energy issues."

Lanahan previously served as Consolidated Edison's director of government relations. He was vice president of state government affairs at JPMorgan Chase from 2009 to 2011.

More: *NYISO*

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STATE BRIEFS

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FitzPatrick Nuclear Plant Talks Resume with Entergy

Entergy and New York state officials have resumed negotiations aimed at averting a shutdown of the James A. FitzPatrick nuclear power plant, according to U.S. Rep. John Katko.

The talks came two days after Entergy said it would close the plant in late 2016 or 2017. Katko said he spoke Wednesday with an Entergy executive and Gov. Andrew Cuomo's office and confirmed the two sides are back at the negotiating table after a brief pause.

Katko said he did not know the substance of the conversations between Entergy and the governor's office, and he did not want to interfere in the private discussions. Neither Entergy nor the governor's office would confirm the continuing negotiations.

More: *Syracuse.com*

NORTH DAKOTA

Utilities Back State, but Want CPP Implementation Plan


Niezwaag

Though they support the state's challenge of the federal Clean Power Plan, utility companies in the state said they also backed the state's efforts to begin drafting a plan to reduce carbon dioxide emissions by 45% to comply with the hotly contested new rule.

"The state has been very proactive," said Dale Niezwaag, senior legislative representative for Basin Electric Power Cooperative, adding that the co-op has had regular meetings with state officials.

The companies support Attorney General Wayne Stenehjem joining a lawsuit to fight the Environmental Protection Agency's Clean Power Plan, as well as developing a state implementation plan in tandem, should the legal challenge fail.

More: *The Bismarck Tribune*

NextEra Tries Again With Wind Farm

Despite having a project denied earlier this year, NextEra Energy Resources is continuing its work to put a wind farm in the state.

Company spokesperson Steve Stengel said an 87-turbine project planned for areas of southwest Stark County closely mimics the one that had been planned between Taylor and Gladstone earlier this year. That project was struck down by county commissioners after it created deep rifts within the community.

The company has regrouped since its first project in Stark County failed and is proposing an alternative two-part project it's referring to as Brady Wind Energy Center 1. Another likely project, called Brady Wind Energy 2, would be located in Hettinger County.

More: *The Dickinson Press*

SOUTH DAKOTA

PUC Gives NorthWestern First Rate Increase in 34 Years

The Public Utilities Commission gave final approval recently to NorthWestern Energy's first base-rate increase in 34 years, allowing the company to raise its electric rates by 15.5%.

NorthWestern requested a 20.2% rate increase in December. All parties involved came to an agreement on a lower rate last week. NorthWestern will collect $20.9 million in additional revenues annually, according to the PUC.

More: *KSFY-TV*

TEXAS

Dallas Leads US Cities in Renewable Energy Usage

Dallas uses the most renewable energy of any city in the country thanks to the purchase of wind energy credits, according to the Environmental Protection Agency.

City leaders approved a contract in June with energy provider TXU Energy requiring half of the energy for city operations come from renewable resources. In 2014, Dallas paid Invenergy Renewable $1.3 million to buy credits for another 50% of operations, so the city has credit for 100% renewable energy, staff said.

Dallas city facilities use about 715,000 MWh/year, enough to power 51,000 homes, according to the U.S. Energy Information Administration. The city ranked seventh among all U.S. energy users in EPA's voluntary Green Power Partnership, behind Intel, Microsoft, Kohl's, Apple, Google and Mars Inc.

More: *The Dallas Morning News*

EPE's Solar Rate-Class Structure Sparks Dispute

El Paso Electric's proposal to create a new rate class for residential rooftop solar customers has ignited a battle between the company and residential solar system providers, environmental groups and consumers.

The new rate class would result in the average solar residential bill in the El Paso area increasing by almost 24% versus the 12% average increase proposed for regular residential customers.

At least five solar companies and solar industry-related groups — all indicating opposition to the solar proposal — have been allowed by the state's administrative hearing office to intervene in EPE's rate case pending before the Public Utility Commission.

More: *El Paso Times*

VIRGINIA

State Surpasses NJ-NY For Data Center Siting

Northern Virginia has bested the New Jersey-New York region as the country's largest data center market, according to real estate firm Jones Lang Salle.

The area accounts for nearly 20% of the market share this year, it said.

The region is home to 7.3 million square feet of data center space, and another 1 million is either planned or under construction.

More: *Washington Business Journal*

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State Briefs

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WISCONSIN

Judge Strikes Down Special Solar Fees

State Judge Peter Anderson has struck down a rule approved by state regulators that would have imposed fees on a utility's customers who installed solar generation or other renewable power sources.

The Public Service Commission approved a We Energies-supported proposal to impose the fees on those who installed solar, hydro and biogas systems. Solar customers would have had to pay $3.79/kWh of installed capacity; the fee rose to $8.60/kWh for biogas or hydro. The judge said the PSC's decision was not supported by the evidence.

The *Milwaukee Journal Sentinel* said the PSC's decision "generated more outcry and public involvement than any other rate case involving the Milwaukee utility in recent years." It was challenged in Dane County Circuit Court by a solar trade group.

More: *Forbes*; *Milwaukee Journal Sentinel*

WYOMING

Lawmakers Reject Bill Challenging Clean Power Plan

Lawmakers have voted down a bill that would have required legislative approval or a final court decision before the state could implement new federal environmental regulations.

The proposed law was meant to be another avenue for the state to challenge, delay or at least soften the impacts of the Environmental Protection Agency's Clean Power Plan. The Joint Minerals, Business and Economic Development Interim Committee voted 9-5 to reject the proposal Oct. 23.

The state has one of the steepest challenges in the country. The plan sets a goal of cutting the state's total emissions by up to 44% compared to its 2012 baseline.

More: *Wyoming Tribune-Eagle*

ERCOT Confirms Resource Adequacy for Winter

Releases Preliminary Predictions for Spring

By Tom Kleckner

ERCOT released its final winter assessment Nov. 2, indicating it has more than sufficient generation to meet an anticipated peak demand of 57,400 MW. The Texas grid operator says it has more than 79,000 MW of generation resources available.

ERCOT's final winter Seasonal Assessment of Resource Adequacy (SARA) focused on expected reliability scenarios for December through February. It reflects forecasted expectations based on customer demand experienced during recent cold-weather events and current expectations for average weather this winter.

Warren Lasher, ERCOT's director of system planning, said the grid expects to meet winter demand "across a broad range of operating conditions and weather scenarios … even during high-load conditions with extreme generation outages."

ERCOT's senior meteorologist, Chris Coleman, told reporters during a conference call that he is forecasting wetter-than-normal conditions for December and January, based on an El Niño winter pattern that "has an opportunity to be the largest on record."

In Texas, he said, that will result in cloudy weather, leading to milder overnight temperatures and morning lows.

"If, as expected, El Niño backs off in intensity by February," Coleman said, "we could see a late-season cold pattern that drives temperatures lower across the ERCOT region."

In February 2011, severe cold weather and unexpected plant outages forced ERCOT to call for rolling blackouts. While the grid's reserve margin has increased since then, ERCOT has also taken other steps to minimize a repeat occurrence.

"We're more prepared for winter-weather issues than we have been in the past," said ERCOT spokesperson Robbie Searcy. "We've been spending more time on site visits and working with generation owners on their winter plans."

The grid has also added nearly 1,100 MW of resource capacity from mostly wind projects since its preliminary winter SARA, issued in September. (See *ERCOT Expects Sufficient Generation for Fall, Winter*.) It said several units previously in seasonal-mothball status have returned to service and several new resources have become

ERCOT territory map. *Source: Texas Office of Public Utility Counsel*

operational.

ERCOT last week also released its preliminary SARA for next spring, based on average springtime weather conditions over the past 13 years. The study's results indicate the grid will also have sufficient installed capacity to meet forecasted peak demands during March-May 2016.

The grid operator estimates 1 MW of demand is typically enough to power about 500 homes during mild weather conditions and about 200 homes during summer peak demand.

FERC & FEDERAL NEWS

DOE Issues Favorable EIS on Plains & Eastern Project

Arkansas Congressmen Continue to Push Back

By Tom Kleckner

The U.S. Department of Energy released its final environmental impact statement (EIS) for the Plains & Eastern Clean Line transmission project Nov. 4, clearing a major hurdle for the proposed $2 billion project.

The department said in the final EIS that it "did not identify widespread significant impacts as a result of construction or operations and maintenance of the project."

However, Arkansas' Congressional delegation urged Energy Secretary Ernest Moniz to delay a decision on the project until concerns they outlined in a Sept. 14 letter are addressed. Among those concerns are possible infringements on private property rights and the exclusion of MISO and SPP from control of the line.

"We are very concerned that you have not provided a thorough written response, and we need to meet with you at your earliest convenience," the delegation — Sens. John Boozman and Tom Cotton, and Reps. Rick Crawford, French Hill, Steve Womack and Bruce Westerman — told Moniz. "The department should not have issued the [final EIS] before responding to our Sept. 14 letter."

Transmission developer Clean Line Energy Partners said it expects a "record of decision" later this year that will determine whether and how the department will participate in the project. If approved, the department would act through the Southwestern Power Administration (SPA), a federal agency that markets hydroelectric power from 24 dams in six states.

The Plains & Eastern project stems from the Energy Department's 2010 request for proposals for transmission projects under Section 1222 of the Energy Policy Act of 2005. Section 1222 authorizes the SPA to participate in "designing, developing, constructing, operating, maintaining or owning" new transmission in the states in which Southwestern operates, Oklahoma, Arkansas and Texas.

Environmental Endorsement

The Plains & Eastern would ship 4,000 MW of renewable energy from wind farms in the Oklahoma Panhandle through Arkansas and into Tennessee over 700 miles of HVDC transmission lines. It would interconnect with the Tennessee Valley Authority near Memphis, after dropping off 500 MW in a converter station in central Arkansas.

"The release of the final EIS marks the culmination of more than five years of work and the consideration of thousands of stakeholder comments," said Clean Line President Michael Skelly in a statement.

Glen Hooks, director of the Arkansas Sierra Club, said the group endorses the Clean Line project because of its environmental and economic benefits. "This is a significant step toward ramping up clean wind energy in our region … and will also lead to the retirement of several dirty coal-fired power plants," Hooks told *RTO Insider*.

Clean Line said the project will provide about $1 billion of private investment in Oklahoma. The Houston-based company also promised a direct investment of more than $100 million in Arkansas through the converter station near Russellville.

Conflict of Interest?

Despite that, the project has brought opposition from Arkansas landowners and government officials over the potential use of eminent domain.

A week before the Energy Department issued its final EIS, Cotton wrote to Moniz, accusing Clean Line of paying the salaries of department employees working on the statement.

"Clean Line representatives stated that they receive monthly invoices from DOE listing the names, roles and hours of DOE personnel working on their application," Cotton wrote in his Oct. 27 letter. He claimed that Clean Line is paying the department between $10,000 and $1 million a month. "A process with consequences this serious should be conducted with integrity [and] transparency and free from blatant conflicts of interests."

Clean Line responded that "there are many instances in which Congress has chosen to allow federal agencies to receive funds from private companies to enable the agencies to comprehensively review, assess and potentially to participate in a proposed project. The reasons for this approach are to ensure that the costs fall on the applicant and private sector, and that projects providing substantial public benefits can move forward without their costs being borne by the taxpayer."

Meanwhile, Boozman and Womack are co-sponsoring a bill that would require the Energy Department to obtain approval from a governor, a state public service commission and any local tribal government before approving transmission projects and subsequent use of federal eminent domain. It also would require the projects to be placed on federal, rather than private, land whenever possible.

Boozman and Womack both spoke in support of the bill before a House subcommittee Oct. 28. Boozman said support for renewable energy projects "has been set back in Arkansas by a sense that a federal agency may force a transmission project for which there is no clear demand or demonstrated need."

Clean Line said in a statement it "takes property rights very seriously" and would only use condemnation "as a very last resort after all reasonable attempts at voluntary easement acquisition have been exhausted." The company projects it will have to spend more than $30 million to Arkansas landowners, "well above the estimated fair market value of those easements."

FERC & FEDERAL NEWS

White House Seeks to Mend Fences with Struggling Nuclear Industry

By Rich Heidorn Jr.

WASHINGTON — The White House convened a "Summit on Nuclear Energy" on Friday as the industry's main trade group sounded an alarm over Entergy's decision to shut down its FitzPatrick reactor in New York, just weeks after announcing the closure of its Pilgrim plant in Massachusetts.

The session appeared to be an attempt by the Obama administration to make up with the industry, which was upset this summer that the final Clean Power Plan did not do more to help existing nuclear plants. But with no major policy pronouncements emerging from the session, it's unclear exactly what the industry gained. The Environmental Protection Agency's carbon emission rule will credit states for new nuclear plants. But states losing existing plants will have to do more to meet their emission targets without the retiring reactors.

According to the Nuclear Energy Institute, nuclear power generates 63% of the nation's emission-free electricity.

"Alarmingly, over the past three years, four reactors vital to regional economies and clean air efforts have been shut down prematurely already or will be retired prematurely within the next few years," NEI said in a

Kewaunee nuclear power plant, 2009

statement before the summit, referring also to Entergy's Vermont Yankee, shut in December, and Dominion Resources' retirement of its Kewaunee plant in Wisconsin in 2013. (See related story, *Entergy Closing FitzPatrick Nuclear Plant in New York*, p.37)

"If the United States is to substantially reduce carbon emissions, we cannot afford to prematurely close any more nuclear power plants because of flawed electricity markets," NEI continued. "At the same time, new reactor construction — including development of small modular reactors and other advanced reactor technologies — should be pursued vigorously."

The summit featured remarks by a number of federal officials, including NRC Chairman Stephen Burns and Janet McCabe, acting assistant administrator for EPA's Office of Air and Radiation.

McCabe offered little encouragement, saying that while "nuclear power can be a very vigorous tool" in compliance with the CPP, the rule is "not all powerful."

"We can't alone change the trajectory" of nuclear power's economic competitiveness, she said.

Merchant nuclear units have suffered in RTOs' single-price clearing markets because of low-cost natural gas and wind.

In states that engage in regional emissions trading to comply with the CPP, nuclear units should see increased revenue reflecting their carbon-free generation. Reliable nuclear plants in PJM also should benefit from the RTO's new Capacity Performance rules because of the security provided by their on-site fuel supplies.

Exelon on Oct. 29 cited the CPP, and MISO's commitment to changing its capacity market in Illinois, in granting a one-year reprieve to its money-losing Clinton reactor. (See related story, *Exelon Defers Clinton Closure as MISO Hints at Capacity Changes in Illinois*, p.36)

Also speaking at the summit was David Christian, CEO of Dominion's generation group, who said the company will ask NRC

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FERC Asks NERC for More Detail on Risk-Based Approach

By Rich Heidorn Jr.

FERC last week told the North American Electric Reliability Corp. to provide additional detail on its new risk-based approach to reliability compliance monitoring and enforcement.

The commission had approved NERC's Reliability Assurance Initiative in February, saying it would allow regulators to focus resources on the most serious issues. FERC told NERC to revise its rules of procedure to define the RAI concepts and programs and provide details on NERC's planned oversight of the program. (See *New NERC Enforcement Methods Allow Self-Logging Minor Risk Issues*.)

In its Nov. 4 order (RR15-2), the commission told NERC to provide additional information on the program in its annual reports, including:

- performance assessments of Regional Entities under the program;
- an analysis of self-logging data provided by REs "to measure the quality and consistency of self-logging across regions"; and
- the types of "data driven" metrics it will track.

FERC also ordered NERC to eliminate "regulator trust" as a "success factor" in its analyses. "The notion of 'regulator trust' is a subjective concept that is not conducive to quantitative measurement," the commission said. The commission also ordered revisions to the rules of procedures to set data retention requirements for self-logging data.

Commissioner Cheryl LaFleur issued a concurring statement cautioning FERC against micromanaging NERC.

"The RAI program grew out of a well-documented concern … that NERC and the Regional Entities' reliability work was unsustainably bogged down in paperwork on relatively minor issues, which detracted from our collective ability to focus on more significant reliability matters. Going forward, I believe we must be careful not to require, as part of our ongoing oversight, the type of overly prescriptive and time-consuming analysis that the RAI program was designed to avoid," she said.

"FERC and NERC should focus our attention on significant issues before us like cybersecurity, geomagnetic disturbances and adapting the electric grid to changes in the resource mix. We should also stay focused on the risk-based prioritization that led us to approve RAI, and not require NERC to repeatedly justify that program."

Exelon Defers Clinton Closure as MISO Hints at Capacity Changes in Illinois

Reactor to Participate in 2016 Auction

By Amanda Durish Cook

Exelon has delayed for a year a decision on whether to mothball its Clinton reactor, the company said Thursday. CEO Chris Crane said the central Illinois plant will take part in MISO's spring capacity auction, keeping the reactor functioning throughout the 2016/17 operating year.

The company's decision was announced two days after MISO released a draft issues statement that acknowledged the need for design changes for retail choice states such as Illinois.

The company also cited the Illinois Power Agency's capacity procurement for 2016 and the hope that its nuclear plants will receive a boost from the Environmental Protection Agency's Clean Power Plan.

"We are encouraged by MISO's statement and the potential for market reforms that are necessary to ensure long-term reliability in Southern Illinois," Crane said in a statement. "However, the Clinton plant remains unprofitable and more needs to be done."

Schedule Change?

Exelon has urged MISO to emulate neighboring PJM in holding capacity auctions three years in advance. At a FERC technical conference on the RTO's capacity market Oct. 20, Dynegy also called for a longer capacity planning horizon. (See *FERC Session on MISO Capacity Rules also Puts Stakeholder Process Under Scrutiny*.)

MISO currently holds its auctions in March, less than three months in advance of the June 1 start of the operating year.

For restructured states such as Illinois, the issues statement acknowledged, "MISO's resource adequacy construct may not provide a price signal sufficiently in advance" to incent new resources or to sustain investment in existing ones.

With baseload resources retiring due to

environmental rules, the growth of renewables and low natural gas prices, it said "a market that solely delivers price signals reflecting short-term excess as is the case today may become insufficient" to ensure sufficient capacity, MISO said.

"While this may pose little challenge for states with a regulated framework for making new resource investment decisions, those that depend on market prices as the primary signal may become insufficiently served by the current MISO construct in future years."

Price Formation

In addition to highlighting the shortcomings of the current schedule, the statement also cited "year-to-year volatility and the inability to efficiently recognize the marginal reliability value of incremental capacity resources" as problems. "As a result, the price signal produced may not suffice in the future as efficient or reliable enough to serve as an investment signal in a fully competitive retail market such as Illinois."

At the Supply Adequacy Working Group meeting Oct. 29, Jeff Bladen, MISO's executive director of market design, said it's too early to have a timeline for solutions, and speculation on specific solutions is "premature."

"We wouldn't presume to know if this can be solved in two months, six months, nine months," he said.

The issue is a top concern within the RTO; the meeting's operator ran out of phone lines for stakeholders seeking to listen in remotely.

FERC's MISO liaison, Chris Miller, told the Market Subcommittee earlier in the week that the commission has not set a schedule for any action it may take in response to the Oct. 20 technical conference.

"No word on what the commission's going to do with that information just yet," Miller said. Post-conference comments were due Nov. 4.

Nuclear Profitability

Last year, a *Chicago Tribune* financial analysis found Clinton was the least profitable last year among Exelon's six Illinois nuclear plants, which the company says have suffered due to competition from low-cost natural gas and wind generation.

The *Tribune* said Clinton has earned below $29/MWh in recent years while the plant's lone reactor requires between $45 and $55/MWh to meet operating costs.

Exelon has said that three of the six nuclear stations — Clinton, Quad Cities and Byron — are unprofitable.

The company cited the Illinois Environmental Protection Agency's estimate that the loss of two Illinois nuclear power stations would more than double the emissions reductions required by the Clean Power Plan.

Exelon has requested that Illinois expand its clean energy subsidies to include nuclear power alongside wind and solar energy. Those critical of the Exelon subsidies have called them a nuclear "bailout" and said they would cost ratepayers around $300 million annually in surcharges. (See *Exelon-Backed Bill Proposes Surcharge to Fund Illinois Nukes*.)

Exelon says its year-long delay on Clinton will also give Illinois policymakers "more time to consider policy reforms and potential legislation that will level the playing field for all forms of carbon-free electricity."

The 28-year-old Clinton generating station has a workforce of nearly 700 and is one of DeWitt County's largest employers.

White House Seeks to Mend Fences with Struggling Nuclear Industry

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to approve a request for a second 20-year license extension for its 1,676-MW Surry generating plant. The two-unit plant's current licenses expire in 2032 and 2033.

Burns said the agency is working with the Department of Energy to revise its regulatory framework, which is designed for light water reactors.

"We are confident we could license a non-light water reactor under the current framework. However, because the NRC's reactor licensing regulations and guidance documents were developed based primarily on light water reactor technologies, we recognize the potential knowledge gaps for both the staff and prospective applicants," he said.

Corrections

In the Oct. 27 newsletter, *RTO Insider* incorrectly stated that MISO initially recommended one of three potential interregional projects with SPP. MISO never recommended any of the projects although an interregional review found each had benefit-to-cost (B/C) ratios of 1.22 or more. When a regional review of the projects indicated the B/C for two of the three projects was under 1, MISO reviewed its assumptions and decided against recommending any of the three.

The Oct. 27 issue also incorrectly quoted Tia Elliott of NRG Energy as saying that proposed revisions to MISO's organization chart reflected the input of the Independent Power Producer and Transmission Dependent Utility sectors. The draft organizational chart actually was the product of a collaboration by all sector representatives participating in the Stakeholder Process Redesign Workshops. Elliott also did not mention MISO's "600-plus meetings per year," a number cited by others.

Stakeholder Soapbox

If you'd like to contribute an op-ed article, email the editor at rich.heidorn@rtoinsider.com.

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Entergy Closing FitzPatrick Nuclear Plant in New York

By William Opalka

Entergy said Monday it will close the 838-MW James A. FitzPatrick Nuclear Power Plant near Syracuse, N.Y., in late 2016 or early 2017. The company blamed reduced plant revenues due to low natural gas prices, a market design that doesn't compensate nuclear power for carbon-free emissions and high operational costs.

The decision, which was expected, was announced in conjunction with the company's third-quarter earnings. Entergy had already announced it was taking a $1.6 billion impairment charge as it wrote down FitzPatrick and the Pilgrim nuclear plant in Massachusetts, which it is also closing. (See *Entergy may Announce FitzPatrick's Fate this Week*.)

"Given the financial challenges our merchant power plants face from sustained wholesale power price declines and other unfavorable market conditions, we have been assessing each asset," Entergy CEO Leo Denault said in a statement.

"Entergy and New York state officials worked tirelessly over the past two months to reach a constructive and mutually beneficial agreement to avoid a shutdown but were unsuccessful," he added. FitzPatrick, which has been operating since 1975, employs more than 600 workers.

Current and forecast power prices have fallen by about $10/MWh, costing FitzPatrick $60 million in annual revenue, the company said.

It also blamed a "flawed market design" that "fails to recognize or adequately compensate nuclear generators" for their fuel diversity and environmental benefits.

Like Pilgrim and Vermont Yankee, which Entergy closed in 2014, FitzPatrick has a high cost structure because it is a single unit. (See *Entergy Closing Pilgrim Nuclear Power Station*.)

Entergy said it has informed NYISO and the New York Public Service Commission that it will retire the plant at the end of the current fuel cycle. Under PSC rules, closure of units 80 MW or larger will prompt a reliability study for the affected region.

Unlike other areas in New York with either inadequate generation or constrained transmission, however, FitzPatrick is located where there is excess power supply. The plant is in Central New York Zone C, which has generating capacity of 6,650 MW to meet peak summer demand of about 2,574 MW, according to NYISO.

"We've had NYISO do analyses on whether FitzPatrick qualifies for a reliability-must-run agreement, and that most recent analysis says that it does not," Bill Mohl, president of Entergy Wholesale Commodities, said on a call with financial analysts.

Entergy said the plant's nuclear decommissioning trust had a balance of $729 million as of Sept. 30, $77 million more than the minimum for license termination, according to a Nuclear Regulatory Commission report earlier this year.

The trust is held by the New York Power Authority, which sold the plant to Entergy in 2000. The parties are discussing whether NYPA would transfer the decommissioning trust and the liability to Entergy or enter into a fixed-price decommissioning contract with Entergy for the amount in the trust.

"The closing of the James A. FitzPatrick Nuclear Power Plant will devastate the lives of the more than 600 employees and their families," Gov. Andrew Cuomo said. "Good corporate citizenship must appreciate that there are many factors that count as the 'bottom line.' The state of New York will pursue every legal and regulatory avenue in an attempt to stop Entergy's actions and its callous disregard for their skilled and loyal workforce."

With FitzPatrick's closure, Entergy will have one generator in operation in New York state, the Indian Point Energy Center in Buchanan. Cuomo has said his preference is to close that facility due to its proximity to New York City.

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MRC/MC Preview

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

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

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

See *PJM Proposes Operating Reserve Changes to Cut Uplift*


Energy Market Uplift Senior Task Force Charter
Draft

Mission

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


PJM Proposes Operating Reserve Changes to Cut Uplift

April 30, 2013

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

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

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

- **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 is still studying provisions of a bill that has been introduced to make changes in the program.

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

More: *Columbus Business First; The Columbus Dispatch*

- **Voting summaries**

Trading Limits

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

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

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

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

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-

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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