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PJM Looking at AEP, FirstEnergy PPAs

Critics Join Forces

By Suzanne Herel and Ted Caddell

PJM said Thursday it will weigh in on the controversial power purchase agreements American Electric Power and FirstEnergy negotiated with the staff of Public Utilities Commission of Ohio.

General Counsel Vince Duane told the Markets and Reliability Committee that PJM will analyze how the PPAs — which essentially re-regulate 6,300 MW of generation — will affect the region's wholesale electricity market.

Duane said the analysis will be released by spring. "Our hope is that this analysis can help to inform the public debate so that regulators and policymakers understand fully any trade-offs that may arise through the policies they may be considering."

It's unclear whether PJM's report will come in time to influence the Ohio commission's rulings on whether to accept the settlements. A PUCO administrative judge has ordered hearings on the FirstEnergy settlement beginning Jan. 14. The judge ruled that the settlement raised new issues not covered during a seven-week trial this fall.

The companies have said they expect PUCO to rule in early 2016.

AEP Ohio announced the eight-year power purchase agreement on Dec. 14. First-Energy announced a similar eight-year PPA on Dec. 1.

"Our job is not to make policy decisions — or to try to prevent lawmakers and regulators from making choices that

Continued on page 27

Solar to Shine Under ITC Extension

Wind Faces Phase Out of PTC

By Tom Kleckner

The budget bill signed by President Obama on Friday — which appears to mark the beginning of the end for renewable energy subsidies — will accelerate the growth of solar power in the next several years, analysts say.

The bill extends the solar investment tax credit indefinitely, albeit at a reduced level after 2019.

The wind production tax credits were extended through 2019, also at reduced levels after 2016.

The Solar Energy Industries Association predicted U.S. solar power capacity will triple to 95 GW by 2022 as a result of the incentives — enough to supply 3.5% of the nation's electricity, up from less than 1% in 2014. SEIA CEO Rhone Resch predicted solar jobs will grow from 200,000 to 340,000.

Greentech Media's GTM Research is even

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FERC Orders MISO to Shift Electric Schedule to Aid Gas Generators

SPP, CAISO Compliance Filings Approved

By Amanda Durish Cook and Tom Kleckner

FERC ordered MISO Thursday to post its day-ahead market results earlier, saying the RTO's current schedule doesn't allow gas-fired generators enough time to procure fuel.

The commission said MISO had failed to comply with Order 809, which moved the timely nomination cycle deadline for gas to 1 p.m. CT from 11:30 a.m.

The commission ordered MISO to move the posting of its day-ahead market results "at least" 30 minutes earlier to 12:30 p.m. CT. It also ordered the RTO to set a notification time for its forward reliability assessment commitment (FRAC) that is "sufficiently in advance" of the gas evening nomination cycle (ER15-2256 and EL14-25).

Continued on page 28

Revised Market Timing
(CCT)

ISO/RTO	Time for Submission of Bids	Publication of Day-Ahead Commitments
NYISO**	4:00 a.m.	10:00 a.m.
ISO-NE**	9:00 a.m.	12:30 p.m.
PJM	9:30 a.m.	12:30 p.m.
MISO	10:00 a.m.	12:30 p.m.*
ERCOT**	10:30 a.m.	1:30 p.m.
SPP	9:30 a.m.	2:00 p.m.
CAISO**	12:00 p.m.	3:00 p.m.

* FERC orders posting 12:30 p.m. or earlier

**No Change

Source: MISO

Also in this issue:

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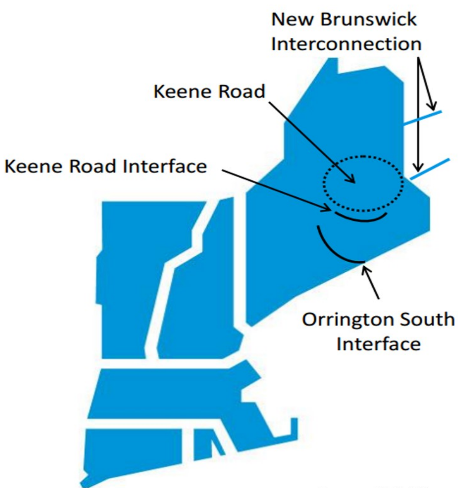
ISO-NE NEWS

Planning Advisory Committee Briefs

Draft Study Shows Greater Wind Penetration Benefits

WESTBOROUGH, Mass. — Increasing the export limits at a substation in eastern Maine's wind country could save millions in power costs and reduce emissions, according to a draft report presented to the ISO-NE Planning Advisory Committee last week.



Export constraints limit wind growth. *Source: ISO-NE*

The study was requested by SunEdison, owner of two wind farms totaling 147 MW, Stetson and Rollins, that are served by the Keene Road substation.

The area around the substation has a peak load of 38 MW, which has dropped in recent years because of the closure of nearby paper mills.

The study found that increasing the export limit from the current 175 MW to 225 MW could save $1.4 million to $5.7 million in production costs annually by allowing additional wind development in the area and displacing more expensive hydropower. The savings are based on production costs of $0/MWh for wind, $5/MWh for hydro and $10/MWh for thermal energy imported from New Brunswick.

CO_2 emissions reductions could range as high as 35 kilotons with the displacement of fossil fuel-fired generation, the draft says.

"The transmission investment could be worthwhile then, as these market efficiencies could be met," said John Keene, senior counsel at SunEdison.

ISO-NE spokeswoman Marcia Blomberg said the analysis was an economic study of hypothetical system changes. The RTO has not developed cost estimates for the transmission upgrades that would be required to increase the export limits, she said.

Transmission Assumptions

ISO-NE is proposing changes in the way it makes transmission planning assumptions to reduce subjectivity and better reflect the likelihood of transmission constraints and generator outages.

In a presentation to the PAC, ISO-NE identified potential changes, noting that the current base case assumption that two generators are out of service "may be too pessimistic in some cases, too optimistic in others."

The proposed changes are in response to a 2013 problem statement by the New England States Committee on Electricity (NESCOE), which said the current planning procedure allowed too much subjectivity in base case development.

"The degree of latitude in the current transmission planning procedure can create inconsistency within the region and between the development plans of various transmission owners," NESCOE said.

The group proposed the use of statistical parameters to narrow the range of assumptions, which it said could increase the uniformity of transmission planning analyses among utilities and expedite state siting proceedings.

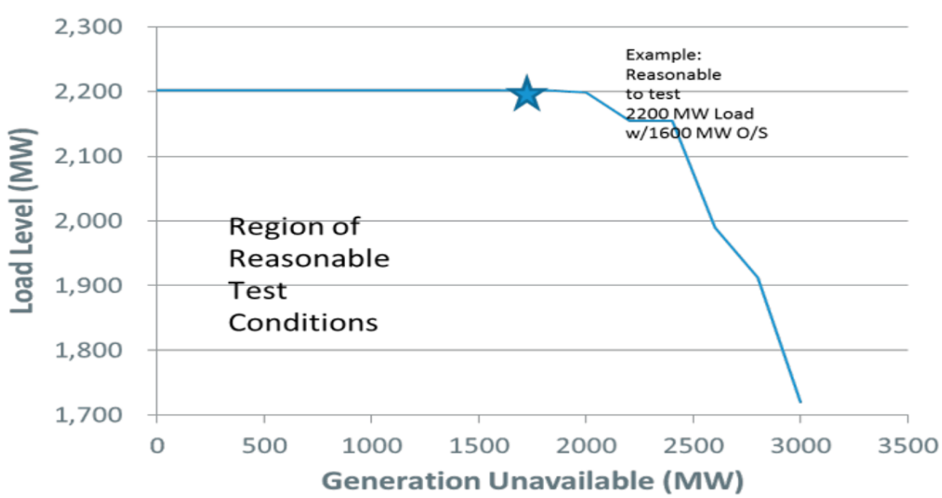
ISO-NE proposes using cumulative probability — the aggregation of the probabilities of specific conditions — to determine a "region of reasonable test conditions."

Under current practice, disturbances are typically studied at peak load levels in steady-state analysis, which usually results in more pronounced thermal and voltage responses. The RTO uses 100% of the projected 90/10 summer peak load for the New England Control Area.

Going forward, the RTO proposes identifying the load and key resources that can stress transmission constraints and determine the likelihood of exceeding various combinations of load and unavailable generation. "This is similar to the installed capacity requirement, but not exactly the same way load is treated," said Richard Kowalski, technical director of system planning for ISO-NE.

The RTO said its next steps include identifying the most appropriate weeks of the year and hours of the day to use in setting study periods and how to best model intermittent and distributed resources.

— William Opalka



ISO-NE is proposing using cumulative probability — the aggregation of the probabilities of specific conditions — to determine a "region of reasonable test conditions" for future planning studies. The RTO said the change would reduce subjectivity and better reflect the likelihood of transmission constraints and generator outages. *Source: ISO-NE*

MISO NEWS

Manitoba-Minnesota Tx Line Granted Rate Incentives

By Amanda Durish Cook

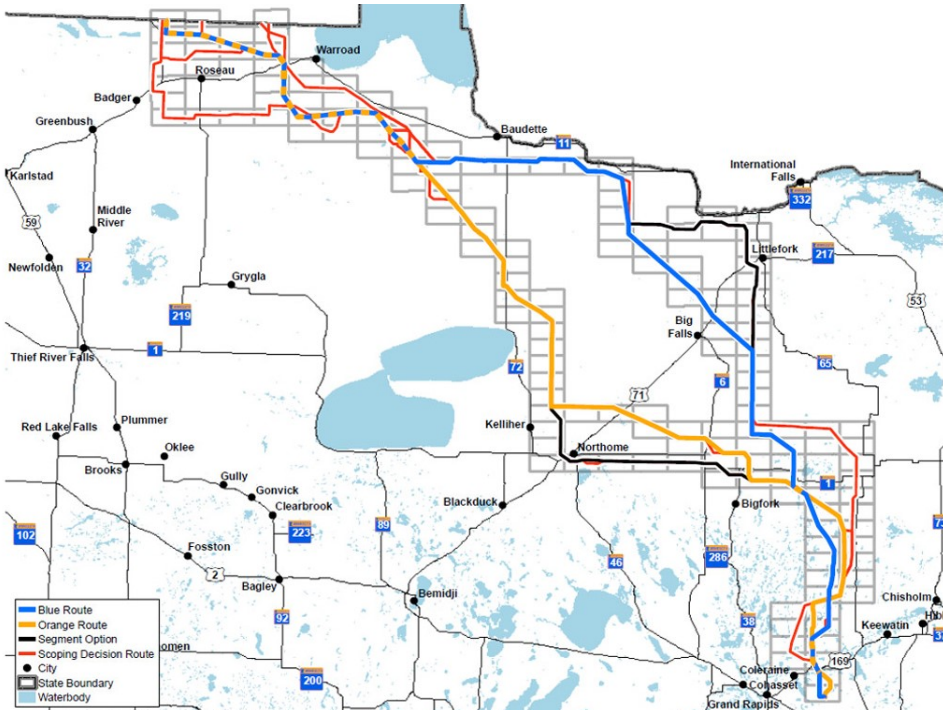
ALLETE won FERC approval last week for rate incentives on the Great Northern Transmission Line between Manitoba and Minnesota.

FERC's order allows ALLETE to recover 100% of construction work in progress (CWIP) for the 220-mile, 500-kV line. It also will recover all of its "prudently incurred" costs if the project is abandoned or canceled due to factors beyond ALLETE's control (ER16-118).

"Including 100% CWIP recovery in the rate base will provide ALLETE with steady cash flow during the construction period, protecting ALLETE's financial metrics and relieving downward pressure on its credit rating," FERC explained.

The commission said that using CWIP recovery as opposed to employing allowance for funds used during construction (AFUDC) would help "insulate" ALLETE's ratepayers against sticker shock. FERC also said ALLETE's proposed accounting and tracking procedures are "sufficient" to ensure that customers won't be double-charged under the recovery and AFUDC.

According to FERC, ALLETE claims the Great Northern project "presents substantial physical risks and challenges because it is a large new cross-border transmission project that requires dozens of federal and state permits and local coordination."



Great Northern Transmission Line *Source: Minnesota Power*

ALLETE's Minnesota Power is building the southern portion of the line, which will run from the Minnesota-Manitoba border to the Blackberry Substation near Grand Rapids, Minn. It has yet to secure right-of-way easements and faces opposition from affected landowners.

The project has already undergone one re-siting, since the original proposed border crossing route was rejected following a review by state and federal agencies.

"ALLETE argues that it may face similar siting challenges as [siting] proceedings progress," FERC said.

The line will primarily deliver hydropower from Manitoba Hydro, which will own 49% of the project and pay $558 million to $710 million of the total cost. Minnesota Power will own the remaining 51% and estimates its cost at $158 million to $201 million.

The line is projected to go into service in 2020.

FERC Rules Against Entergy over 'Bandwidth' Accounting

FERC last week affirmed an administrative law judge's 2014 ruling finding fault with Entergy's accounting in in its fourth annual bandwidth filing (ER10-1350).

The commission agreed with much of the judge's order, which found Entergy did not properly include the fuel inventory balance as an input to the bandwidth formula for the 2009 test year and failed to include accumulated deferred income tax for its Waterford 3 nuclear plant west of New Orleans. The judge also ruled Entergy made an error in its accounting for the amortization period for the sale and leaseback of Waterford 3.

FERC gave Entergy — which was joined by the Arkansas and Louisiana commissions in intervening — 60 days to make a compliance filing.

Also last week, FERC denied the Louisiana Public Service Commission and Entergy's request for a rehearing of its December 2014 order, which set for hearing and settlement judge procedures the use of Waterford 3's accumulated deferred income tax in the bandwidth remedy (EL10-65).

Entergy's allocation of production costs among its half-dozen operating companies under its system agreement has been a source of continuing disagreement.

The companies essentially operate as one system, although each has different operating costs. Payments are made annually by Entergy's low-cost operating companies to the highest-cost company in the system, using a "bandwidth" remedy that ensures no operating company has production costs more than 11% above or below the system average.

Regulators in Entergy's states have regularly challenged the annual bandwidth filings, which began in 2007.

— Tom Kleckner

MISO News

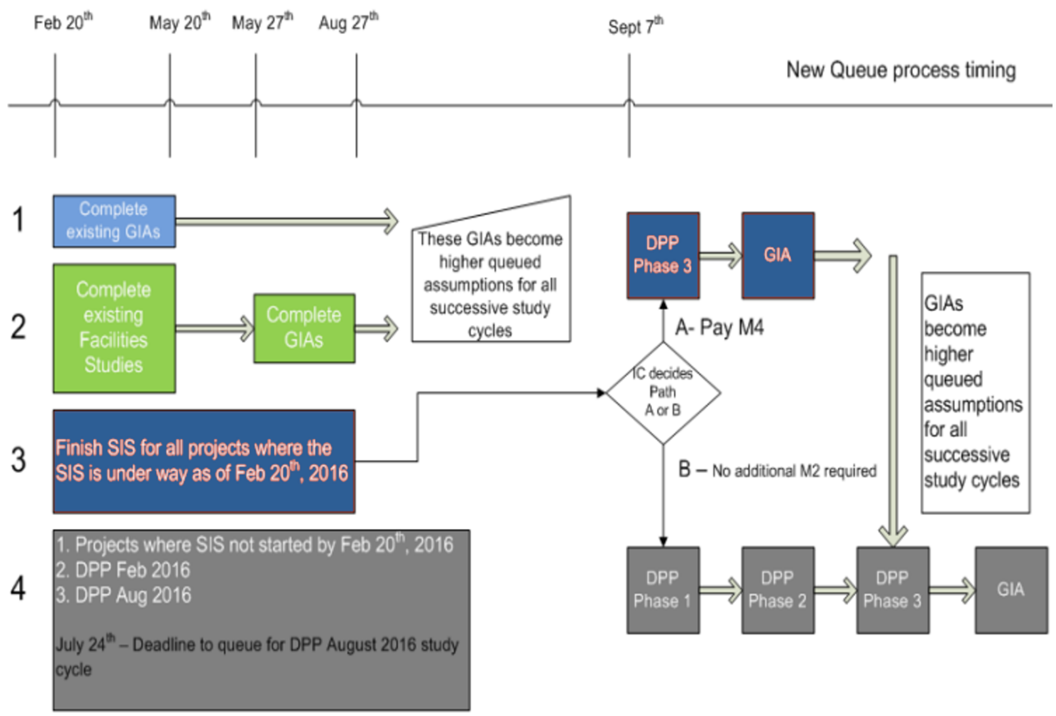
MISO Unveils Queue Reform Transition as Wind Advocates Seek Delay

By Amanda Durish Cook

CARMEL, Ind. — MISO has settled on a transition plan for its new interconnection queue rules and intends to file Tariff changes with FERC by the end of the year, despite wind advocates' complaints that the process has been rushed.

MISO said it plans to stagger implementation, "processing some projects under the existing rules and transitioning certain projects to a portion of the new process."

Between Feb. 20 and May 20, MISO plans to finalize existing generation interconnection agreements and facilities studies, with GIAs completed for the latter by late August. These GIAs will be at the top of the queue for all study cycles to follow.



Transition plan for new MISO queue rules *Source: MISO*

The RTO will also finish all incomplete system impact studies by Aug. 27 and give the owners of those projects an option by early September to either move into phase three of definitive planning under the existing rules, paying an M4 milestone, or enter phase one of definitive planning under the revamped queue without having to pay another M2 milestone fee.

Projects that haven't yet entered into a system impact study by Feb. 20 will be rolled into the reformed queue.

Vikram Godbole, senior manager of MISO's generator interconnection planning group, said interconnection customers with pending GIAs as of Feb. 20 will be targeted first to complete negotiations.

"It's a tall order, I realize that," Godbole said of the dates outlined in the transition plan.

Throughout the process, staff representing Minnesota-based Wind on the Wires have complained that the adoption of the new queue timeline and rules has been rushed. The wind advocacy group says that costs remain too high under the new rules and wants MISO to eliminate the M4 milestone payment and create a cost cap on network upgrades. It has asked that MISO delay implementation of the rules until it reaches an agreement with the group.

Godbole said that the new queue will be implemented despite any future required Tariff changes to the interconnection process that may arise due to resource adequacy Tariff revisions. He said those will be handled in the future "as necessary."

He added, "Any aspects from a technical perspective will be done at the [Business Practices Manuals] level. We'll take those on next year."

MISO will use the M2, M3 and M4 milestone payments surrendered by owners of non-viable projects to compensate other interconnection projects that were negatively impacted by the withdrawals.

Godbole said the new queue rules are intended to reduce the number of customers who keep non-viable projects in the queue until the "tail-end."

"We're doing this for interconnection customers," Godbole said. "We want to make sure that people who come into the process ready are rewarded."

In early December, stakeholders said interconnection customers should be able to use their M2, M3 and M4 payments to fund their initial milestone payment in the 30 days following completion of a generator interconnection agreement. Although MISO denied the request, the grid operator offered a willingness to discuss the option with stakeholders and, depending on the outcome, file Tariff revisions sometime in 2016.

During the last round of comments on Dec. 7, stakeholders requested the addition of a third penalty-free withdrawal option if estimated costs increase more than 25% between MISO's system impact study and facilities study. Godbole said that MISO evaluated the merits of a third off-ramp "intensely" but ultimately determined not to provide it because the proposed queue reform is more economical for interconnection customers than the queue currently in place.

Stakeholders also criticized the M3 and M4 milestone floors of $2,000/MW, arguing that the cost never actually dips to $2,000, so the threshold is "illusory." MISO declined to raise the floor, saying that the limit was FERC-approved and costs could come down in the future. (See MISO Cuts Queue Admission, Adds 'Off-Ramps'.)

MISO NEWS

Planning Advisory Committee Briefs

Business Practices Manuals Review Process Gets a Final Look

CARMEL, Ind. — The review process for MISO's Business Practices Manuals has been rewritten to clarify the RTO's obligations and the Planning Advisory Committee's role.

The revised language directs MISO to identify "outstanding or unresolved issues" when presenting BPM changes to the PAC, adds "timing concerns" to the process and allows the committee to modify changes to manuals brought forward by subgroups, instead of delegating work back to the original subgroup.

Matthew Tackett, a MISO principal adviser, said the goal was to make the steps of the evaluation clearer. The language rework was first brought up at the Nov. 11 PAC meeting.

MISO is asking for stakeholder comments on the edits through Jan. 22. A finalized version of the language will return to the February PAC meeting for approval.

MISO Adds Conditions for Stakeholder Notification and Advice into Expedited Review Process

MISO reviewed with the PAC proposed revisions to BPM 020 governing the expedited review process, which will replace out-of-cycle reviews.

The revisions require MISO to "promptly" notify stakeholders of expedited projects whose voltage, cost and other criteria would otherwise make it subject to competitive bidding under FERC Order 1000. Projects will be ineligible for expedited status if they meet criteria for market efficiency projects and "are not needed to meet the obligations or requirements of the transmission owner."

Tackett said the size criteria was instituted so stakeholders wouldn't be notified too many times in a cycle. "I use the analogy of junk mail. You get too many and you start saying 'Oh I don't care about that,' and you miss the $300 million one," Tackett said.

Chris Plante with Wisconsin Public Service Corp. said that an "open, collaborative process requires that stakeholders know what's going on." Plante pointed out that in the past there's been "at least one" large out-of-cycle project that didn't continue in the process once stakeholders had the opportunity to weigh in on its usefulness and urgency.

The changes also require MISO staff to consider the PAC's input in deciding whether to bring the requested project to the attention of the Board of Directors' System Planning Committee. "Stakeholders may also provide advice relative to the project to the SPC and/or the board in accordance with the protocols of the Advisory Committee," the manual says.

"We realize this is a very controversial subject. There's a time to move on and then there's consensus, and this may be an example of that," said Tackett, explaining that MISO is allowing further rounds of discussion.

Final Review on Minimum Project Requirements for Competitive Bidding Pushed Back

MISO asked for another round of comments by Jan. 12 on BPM 029, which defines the requirements of transmission projects eligible for competitive bidding.

Tackett said he didn't think any conflicts would arise between the manual and the competitive bidding process for the Duff-Coleman project. He said the manual would be a living document and subject to further improvements but couldn't foresee a needed change over the next six months as bids are prepared.

"It deals with topics where there's lots of different opinions on how to do things," Tackett commented. "I like to call it 'version one final.'"

Nearly Half of All MTEP Projects in Service, MISO Reports

Almost half of all projects included in the MISO Transmission Expansion Plan were in-service as of the third quarter of 2015, Senior Transmission Planning Engineer Matt Ellis told the PAC in the bi-annual MTEP status update.

MISO reported that 47% of the $22.5 billion in MTEP projects given the go-ahead since 2003 are in service, while 39% remain in the planning stages. Another 8% are currently under construction and the remaining 7% have been withdrawn. The latest numbers do not include projects in the recently approved MTEP15. (See *MISO Board of Directors Briefs*.)

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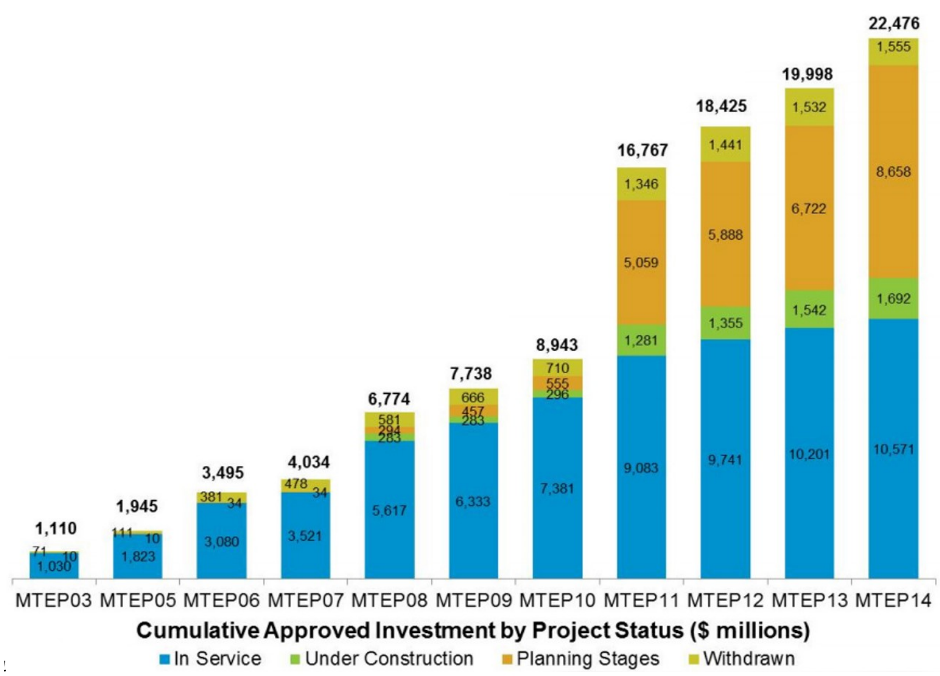


MTEP project status (through Q3 2015) *Source: MISO*

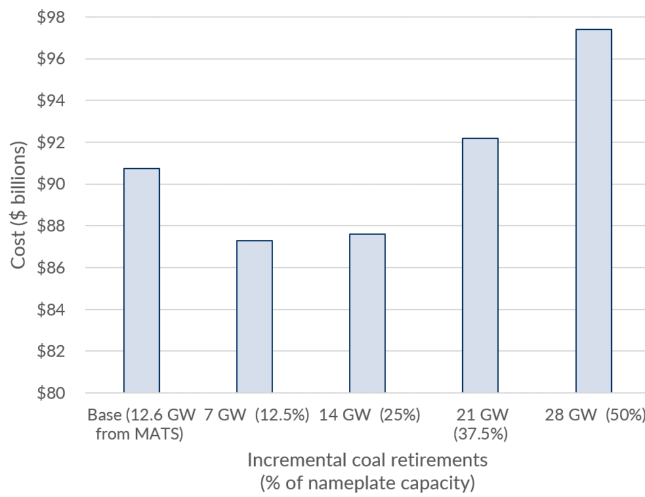
MISO NEWS

MISO: Coal Retirements, Gas Prices, Flexibility Key to CPP Compliance Costs

By Amanda Durish Cook

CARMEL, Ind. — Additional retirements of coal-fired generation could increase MISO production costs by as much as $97 billion over 20 years, according to preliminary results of the RTO's near-term analysis of the Clean Power Plan. The results were presented to the Planning Advisory Committee on Dec. 16.

The study compared a base assumption — no additional coal retirements beyond the 12.6 GW expected under the Mercury and Air Toxics Standards (MATS) — with incremental retirements ranging from 7 GW (12.5% of MISO's remaining nameplate capacity) to 28 GW (50% of capacity).



Clean Power Plan compliance costs increase with coal retirements ($ billions) *Source: MISO*

A loss of 7 GW would increase MISO's production costs by a net present value of $87.3 billion over 20 years, increasing to $97.4 billion for 28 GW. MISO estimates the MATS retirements will increase production costs by $90.7 billion over 20 years.

The figures do not include costs of additional electric and natural gas infrastructure needed to support replacement generation. Those costs weren't included in the scope of work for the near-term analysis but will be included in a long-term analysis that will run through late 2018.

The analysis found that the Clean Power Plan's building blocks have the potential to reduce carbon emissions generated in the footprint from more than 500 million tons annually to below 350 million tons.

MISO ran 675 simulations assuming annual demand growth of 0.8% and natural gas prices ranging from $2.30 to $6.30/MMBtu. The RTO also made calculations based on renewable sources making up 14%, 20% and 30% of energy production.

Gas Price Impact

MISO said the price of natural gas could be the biggest variable in the cost of compliance. "Beyond gas prices, it's hard to isolate the single biggest variable," Jordan Bakke, senior policy studies engineer at MISO, told the PAC.

Bakke said MISO staff have found that the more flexible the compliance strategy — mixing generation resources and strategies such as trading programs — the lower compliance costs will be.

During the Advisory Committee's "hot topic" discussion of the final rule Dec. 9, stakeholders were divided on how involved MISO should become in guiding compliance paths. (See *Lead or Follow? MISO Stakeholders Split over RTO's Role in CPP*.)

Flora Flygt, strategic planning and policy adviser at American Transmission Co., said she appreciated MISO's work and asked that MISO post materials as soon as they're prepared so stakeholders can spend more time with the information ahead of meetings. PAC Chair Bob McKee said the early release of modeling information would lead to more productive meetings.

Based on a revised timeline, MISO's near-term analysis will last until February, overlapping with the mid-term analysis slated to begin in January. Additional results from the near-term analysis will be presented at the January PAC meeting.

"It's only an initial step into this suite of work," Bakke summed up. "What's on tap for the January [meeting] is looking at regional versus state compliance and rate-based versus mass-based compliance. So we have a huge trove of information coming out. The bulk of the analysis is yet to come."

Planning Advisory Committee Briefs

Continued from page 5

Ellis said the latest cost estimates on economic-based projects were positive, with benefit-to-cost ratios above projections. He also said almost all of MISO's baseline reliability projects are on schedule.

"MISO's post-approval role is to provide transparency," Ellis said of the update. He added that MISO's transparency goal will become more challenging with the introduction of competitive bidding, since transmission cost estimates submitted in the developer selection process are considered commercially sensitive information.

Loss of Load Working Group to be Absorbed Under Redesign

PAC Chairman Bob McKee said the committee is "getting off light" compared to assignments doled out to other MISO groups under the stakeholder redesign, with only a short to-do list. The PAC will absorb the Loss of Load Expectation Working Group into a broader, yet-to-be-formed Resource Adequacy Committee. There is no timeline yet on when the move will happen.

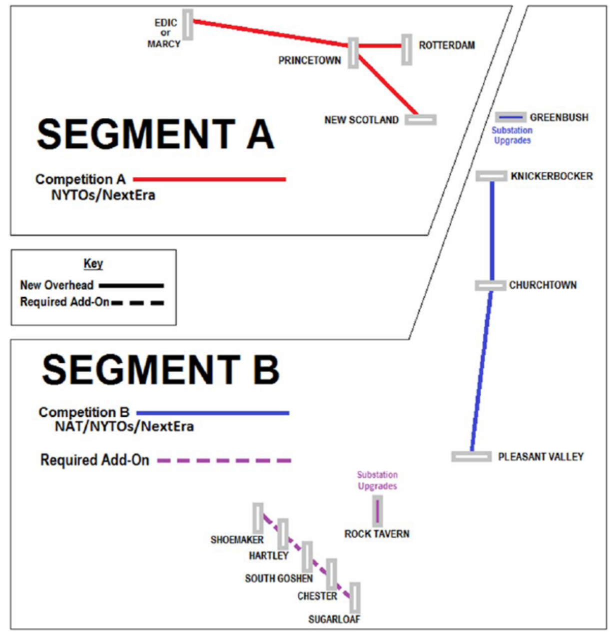
"It's was a nice interactive approach between the stakeholders and MISO," McKee said of the redesign.

—Amanda Durish Cook

NYISO NEWS

NYPSC Declares Public Policy Need; Directs NYISO to Seek Tx Bids

By William Opalka



Public policy projects identified by NYPSC *Source: PSC*

ALBANY, N.Y. — New York regulators on Thursday declared a public policy need for long-proposed transmission upgrades and recommended finalists to make competitive bids to NYISO (13-T-0454).

The New York Public Service Commission advanced its AC Transmission proceeding by adopting staff recommendations to select two main projects from 22 proposals for new 345-kV transmission crossing the Central East and UPNY/SENY interfaces: the upgrade of the 91-mile, double-circuit 230-kV Edic-New Scotland-Rotterdam line to 345 kV and the upgrade of the 51-mile, double-circuit 115-kV Knickerbocker-Pleasant Valley line to a 115/345-kV double circuit. (See *NYPSC Staff Recommends $1.2B in Transmission Projects*.)

NYISO will review transmission and other solutions to address the public policy need identified by the commission, which said persistent transmission congestion causes higher prices and raised reliability concerns.

The declaration will allow the winning developers to obtain cost recovery from the beneficiaries of the upgrades under NYISO's Tariff. FERC Order 1000 requires transmission providers to consider transmission needs driven by public policy requirements established by state or federal laws or regulations.

The commission asked NextEra Energy Transmission New York, North America Transmission and a coalition of utilities known as the New York Transmission Owners to submit their projects for consideration by the ISO.

The commission's vote was a victory for Gov. Andrew Cuomo, who proposed an "Energy Highway" to eliminate bottlenecks preventing the delivery of upstate power to load in and around New York City.

Although the ISO will consider non-transmission alternatives, the commission rejected the arguments of the Hudson Valley Smart Energy Coalition and others who insist system reliability could be maintained by increased energy efficiency if even a small percentage of proposed downstate power plants are built.

"There's no question we need transmission to move power from upstate to downstate, just to maintain basic reliability," commission Chair Audrey Zibelman said at the meeting.

Later, she said the projects would benefit older, struggling upstate plants. "It makes no economic sense to have plants sit idle when we could have them operating to serve needs downstate," she said.

Using Existing Rights of Way

The selected projects will be built within existing transmission corridors, with new substations at several points. The PSC said the lines were reaching the end of their useful lives and would need to be replaced in any case.

The upgraded lines will use towers of up to 105 feet to meet NERC standards. The current, lower voltage lines are generally 80 to 85 feet high.

The projects have an estimated cost of $1.2 billion. Officials said a "conservative" cost-benefit analysis by The Brattle Group showed at least $1.20 in benefits for every $1 spent.

"There's some analysis that the savings from the recommendations could reach $2," Zibelman said. The savings primarily come from the reduction in congestion charges on those parts of the New York system that are projected to hit $473 million in 2019, rising to $562 million in 2024, without the upgrades. The gap could be even higher if natural gas prices rise from their current low levels.

Raj Addepalli, managing director of utility rates and service for the PSC, presented what he called an "optimistic" timeline under which NYISO could complete its solicitation and analysis of proposals by the second quarter of 2016.

The commission will have to approve the ISO's recommendations and grant siting certificates for the selected projects. Final commission approval could come in 2017, followed by a two- to three-year construction schedule, with an in-service date of 2019.

NYISO CEO Bradley Jones issued a statement saying the move is an important step in remedying the state's aging infrastructure. "The NYISO stands ready to solicit projects and will conduct the planning studies necessary to select the most efficient and cost-effective projects that will meet the public policy needs identified by the commission," he said.

Lifeline for Nukes?

After the meeting, Linda DeStefano of Syracuse, representing the Alliance for a Green Economy, objected that the transmission projects could provide a lifeline to nuclear plants on Lake Ontario. "We think that Gov. Cuomo is very concerned about Indian Point, but we wanted to make the point that we think that the nuclear plants near us are also very old and not safe," she said.

Phil Wilcox, who observed the meeting on behalf of the International Brotherhood of Electrical Workers Local 97, based in Buffalo, had a different take. "This will give [the nuclear plants] a signal that they may have a future," he said. Unions have been vocal in support of keeping struggling nuclear plants operating.

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NYISO NEWS

NYPSC Declares Public Policy Need; Directs NYISO to Seek Tx Bids

Continued from page 7

No Conflict with REV

The commissioners rejected complaints that the projects would conflict with the state's Reforming the Energy Vision initiative, a plan to increase the use of distributed and renewable energy.

"The future envisioned by REV is that distributed energy resources deployed locally will help customers become efficient and dynamic electric users. These new customer resources will also be able to be used to more effectively balance increased investments in wind and solar resources that are deployed remotely," the commission said.

"Additionally, the commission recognizes that large scale central generation, including our safe upstate nuclear facilities that are in their licensed periods, can continue to be operated and new investments can be made to compliment [sic] the distributed resources. Stated another way, while there is no doubt that we can all become better environmental and economic stewards by becoming more efficient energy consumers and using energy more efficiently, the commission also recognizes that in its entirety the optimal system design will be met by a balance of central station and distributed resources and that this balance will be found by markets that accurately value resources and public policies that stress the importance of building an electric system that reduces waste and decreases rather than increases reliance on fossil fuels."

Projects Selected

Below is a more detailed description of the projects identified by the New York Public Service Commission as the transmission needs driven by public policy requirements:

- Segment A: Construction of a new 345-kV line from Edic or Marcy to New Scotland; construction of two new 345-kV lines or two new 230-kV lines from Princetown to Rotterdam and decommissioning of two 230-kV lines from Edic to Rotterdam.
- Segment B: A new double circuit 345-kV/115-kV line from Knickerbocker to Churchtown; a new double circuit 345-kV/115-kV line or triple circuit 345-kV/115-kV/115-kV line from Churchtown to Pleasant Valley; decommissioning of a double circuit 115-kV line from Knickerbocker to Churchtown; decommissioning of one or two double-circuit 115-kV lines from Knickerbocker to Pleasant Valley. The commission ordered Orange and Rockland Utilities, the owner of the Shoemaker-Sugarloaf facilities, and Central Hudson Gas & Electric, the owner of the Rock Tavern substation, to cooperate with the developer selected for Segment B.
- Upgrades to the Rock Tavern substation: New line traps, relays and other upgrades needed to accommodate higher line currents resulting from the new Edic/Marcy-New Scotland, Princetown-Rotterdam and Knickerbocker-Pleasant Valley lines.
- Shoemaker to Sugarloaf: A new double circuit 138-kV line from Shoemaker to Sugarloaf; decommissioning of a double circuit 69-kV line from Shoemaker to Sugarloaf.

EPA Slams Brakes on Plant Repowering

By William Opalka

EPA has overruled New York officials and ordered an additional air quality review for a dormant coal-fired power plant in the Finger Lakes region whose owners want to convert it to biomass and natural gas.


Greenidge power plant *Source: U.S. Energy Department*

Owners of the Greenidge Generation Plant on Tuesday wrote to the New York Public Service Commission to say the EPA Region 2 administrator rejected the state's finding that the change from coal to either biomass or natural gas is not a "major modification."

"The primary basis for EPA's objection is that, if reactivated, Greenidge will be subject to the Clean Air Act's ... permit program as a new source," EPA wrote on Dec. 7.

The 106-MW plant on Seneca Lake has been dormant for nearly four years. The owners are seeking to revive it and add a new supply line for natural gas. (See *Finger Lakes Plant Seeks Gas Line for Repowering*.)

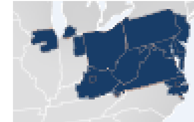
The New York Department of Environmental Conservation had issued a draft permit that EPA said was incomplete.

"We strongly disagree with the EPA's decision given that the New York Department of Environmental Conservation conducted a thorough and complete review before issuing this draft permit, concluding that Greenidge clearly meets all the federal and state standards for resuming full operation," Greenidge spokesman Michael McKeon said in a statement. "We are currently analyzing the EPA's response to determine how best to restart the facility as soon as possible."

He said the company has 90 days to respond to EPA.

The state awarded Greenidge $2 million on Dec. 11 to renovate the plant in Dresden to allow it to burn 100% natural gas. McKeon said the plant would lose that grant — part of a five-year, $500 million Upstate Revitalization Initiative for the Finger Lakes region — if the delay lasts as long as a year.

PJM NEWS



PJM's Boston Bids a Teary Farewell

By Suzanne Herel

WILMINGTON, Del. — Outgoing PJM CEO Terry Boston presided over his final general session last week, tearing up as he recalled how power changed his family's life growing up in rural Tennessee.

"On Sept. 9, 1939, electricity came to the Boston family farm. That meant things like the milk was in the fridge and not in the creek or the spring," he said. "Nothing has improved our standard of living or our productivity more."

"Power engineering is not rocket science. It's much more important than that," he said, drawing laughter from the audience.

Boston began his career in 1972 as a project engineer for the Tennessee Valley Authority, joining PJM as CEO in 2008. He will serve as CEO emeritus until the end of this month. Andy Ott, previously PJM's executive vice president for markets, took on the job of president and CEO in October. (See *Retiring PJM CEO Boston Lauded for Efficiency Improvements, Management Style*.)

Left to right: Susan Bruce, Katie Guerry, Andy Ott and Terry Boston © *RTO Insider*

Boston was feted by PJM stakeholders, staff and members of the Board of Managers during a reception following the general session.

Katie Guerry of EnerNOC, the incoming chair of the Members Committee, and Susan Bruce of the PJM Industrial Customer Coalition presented Boston with a solar-powered globe of the world.

Boston also was presented with a letter from Pennsylvania Gov. Tom Wolf lauding him for creating "the industry's most successful model for an electricity market." U.S. Sen. Bob Casey (D-Pa.) and Rep. Ryan Costello (R-Pa.) also sent letters of commendation.

Board Chairman Howard Schneider lauded Boston for his intelligence, dedication and humility.

Boston and his wife, Brenda, will be splitting their time in retirement between Hawaii and their custom-designed solar-powered home in Tennessee.

"The whole PJM community is in the public service business," Boston said. "It's been the love of my life to work here."

From Cold War to Black Sky

PJM General Session Fetes Boston, Discusses Emerging Threats

By Rich Heidorn Jr.

WILMINGTON, Del. — When Terry Boston began working for the Tennessee Valley Authority in 1972, its bunkered control room was believed to be one of the targets near the top of the Soviet Union's nuclear hit list.

Last week, when the retired PJM CEO said his goodbyes at a General Session on "Resiliency and Security," the concern was not the Cold War but "black sky" risks and the need for "critical low-density engineering assets" to recover from them.

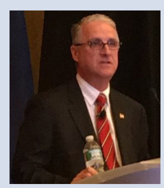
Three speakers talked about their work protecting the grid from natural and manmade threats.

Jeff Dagle spoke about the Pacific Northwest National Laboratory's work using parallel processing to aid modeling of extreme events. The technology can help system operators comply with a new NERC standard requiring them to ensure that "multiple outages" don't cause system instability.

"When you try to model these extreme events, you're going deeper than traditional N-1 [contingencies]. You're doing N-K type of analysis," said Dagle, the lab's chief electrical engineer for electricity infrastructure resilience. "So there's many more thousands of possible events you want to simulate and try to understand. Unless you throw that on a parallel computer, you're going to be there for a while waiting for an answer."

The lab's work with PJM to apply Bayesian model aggregation — the combination of multiple prediction models — to reduce forecasting errors in network interchange schedules won an *R&D* magazine award. "This has the potential to save big money" — tens of millions, Dagle said.

David Andrejcak said FERC has become "much more agile" since it formed the Office of Energy Infrastructure Security following the 2013 sniper attack on Pacific Gas & Electric's Metcalf substation.



Andrejcak is deputy director of the office, which combines the agency's expertise in electric, natural gas and oil infrastructure. The office identifies threats and examines infrastructure for potential weaknesses but has no enforcement role, unlike the Office of Electric Reliability, which oversees the development of mandatory reliability and security standards.

"By addressing these with the private sector owners, we find that we're getting a whole lot more success," he said. "We're not involved in the standards process. We're the collaborative branch of FERC."

Andrejcak noted a Department of Homeland Security analysis that found that almost one-third of cyberattacks on critical infrastructure in 2014 involved the energy industry. "We're a big target. No doubt about it," he said.

The session's keynote speaker was Jonathon Monken, vice president of U.S. operations for the Electric Infrastructure Security Council. The non-governmental organization

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PJM News

PJM employee No. 13, Jim "Kirb" Kirby, returned to Valley Forge recently as his long-time alter ego, Santa Claus, to the delight of the Market Implementation Committee. Kirb retired this summer after a nearly 53-year career, having started with PECO Energy on Sept. 4, 1962. (See *PJM Employee No. 13, Jim Kirby, Has Left the Building*.) © *RTO Insider*

PSEG, P3 Appeal Capacity Rulings

Public Service Enterprise Group and the PJM Power Providers Group (P3) asked the D.C. Circuit Court of Appeals last week to overturn two FERC orders approving PJM capacity market rules.

PSEG challenged FERC's Oct. 15 ruling denying rehearing of a 2014 order approving PJM's changes to its capacity auction demand curve and related parameters (ER14-2940). (See *FERC Upholds PJM's Capacity Market Parameters*.)

PSEG and P3 had disputed PJM's use of an 8% cost of capital used in cost of new entry (CONE) calculations, saying it was too low because it relied on corporate-level data for publicly traded independent power producers and did not reflect riskier, project-level financing.

Separately, P3 appealed FERC's refusal to rehear a 2013 order approving PJM's revisions to a rule designed to mitigate buyer-side market power in the capacity market (ER13-535).

The ruling addressed the minimum offer price rule (MOPR), which PJM added to its auction protocols in 2006 amid concern that load could have an incentive to suppress market clearing prices by offering supply at less than a competitive level.

P3 challenged FERC's rejection of PJM's proposal to extend the MOPR mitigation period mitigation from one to three years. It also contended the ruling conflicted with its prior rulings on buyer-side market power mitigation regarding NYISO. (See *FERC won't Rehear PJM MOPR Ruling*.)

— Rich Heidorn Jr.

PJM General Session Discusses Emerging Threats

Continued from page 9

worries about "black sky" hazards such as cyberattacks or electromagnetic pulses (EMPs) capable of generating a "widespread, long duration" outage that could result in mass migration.

Monken said broadcaster Ted Koppel's book, "Lights Out," which highlighted threats that could knock out the Eastern Interconnection for weeks or months, was useful in publicizing the need for preparations, such as assembling critical low-density engineering assets — engineers with expertise in electrical relays.

"We have not yet experienced a power outage that … [results in a] widespread long duration outage. We're talking about months in terms of the outage. We're talking about tens of millions [of people] in terms of the footprint.

"We don't have the capacity to evacuate New York City much less the Eastern Interconnection," Monken continued. "There's a wide deficit in terms of the capability required to respond and recover from something of that magnitude and duration.

"I'd rather have an EMP event than just about any of the other 'black sky' hazards that include things like earthquakes and cyber [attacks]," he added. "Cyber is difficult because it's very unpredictable and it's very deliberate, whereas EMP is a statistical event — it won't necessarily hit everything everywhere. You'll have sporadic outages based on percentages.

"Cyber is very deliberate. They'll only hit where it hurts the most."

PJM Board Approves $490 Million in Tx Projects

The PJM Board of Managers last week approved construction of seven transmission projects proposed in response to FERC Order 1000 competitive solicitations. The projects have an estimated cost of $490 million.

One, to address reliability violations in the AEP transmission zone, was selected from among 91 proposals received in response to the competitive window PJM opened in June to fix reliability, thermal and voltage violations. The board had approved 19 other projects from that group in October.

The board also approved six projects from among 23 proposals submitted under a second competitive window, which opened in August to address potential violations not included in the first solicitation.

With the addition of the projects to the Regional Transmission Expansion Plan, PJM has authorized $28.27 billion in additions and upgrades to resolve reliability violations and reduce congestion since 2000.

"Through the competitive windows, we are seeing more alternatives than we would have otherwise," Mike Kormos, executive vice president for operations, said in a statement. "In some cases, as in this last review, we are seeing alternative solutions that address the problem at a lesser cost than originally estimated."

— Suzanne Herel

PJM NEWS

Markets and Reliability Committee Briefs

Filing to Ask FERC for Certainty on CP

WILMINGTON, Del. — PJM will ask FERC to act within the next couple of months on its Capacity Performance compliance filings and any related outstanding hearing requests, Stu Bresler, senior vice president for markets, told the Markets and Reliability Committee on Thursday.

"PJM recognizes there is a fair amount of uncertainty among our asset owners and operators as to what will occur come June 1 and beyond," he said. "The purpose of requesting FERC action is to achieve as much certainty as possible ahead of summer 2016."

Staff expects to make the filing before Christmas.

Load Forecast to Include Distributed Solar

With eight objections and five abstentions, the committee approved manual changes that allow PJM to consider distributed solar generation in its load forecast.

"The reason PJM sees this as important is that this behind-the-meter generation of solar is by far the quickest growing component," said PJM's Tom Falin. "It's really taken off the past three to four years … exponentially. We believe it's important to recognize this phenomenon now in the forecast."

In the near term, the model will affect only a few hundred megawatts, he said.

Steve Herling, PJM vice president for planning, said staff wants to act now so it is not caught flat-footed when solar's growth increases.

"We don't want to see the phenomenon like we did with energy efficiency variables, which we talked about for a couple of years and by the time we implemented a change it was a pretty substantial change," he said. "We want to get it into the forecast so we can tweak it as it grows."

PJM agreed to review the process in a year to see how accurate it is and if any changes need to be made. The revisions will be made to Manual 19: Load Forecasting and Analysis. (See "Distributed Solar to be Included in Load Forecast" in *PJM Planning Committee and TEAC Briefs*.)

In a related matter, the committee approved manual revisions that aim to prevent energy efficiency resources from being counted both as capacity and load reduction in the new forecast model. The changes will be incorporated in Manual 18: PJM Capacity Market and Manual 18B: Energy Efficiency Measurement & Verification.

The motion passed with 12 no votes and one abstention. Members had delayed the vote until after an additional education session regarding the proposed addback. (See "Members Ask for More Time to Consider EE Resource Manual Changes" in *PJM Markets and Reliability Committee Briefs*.)

Ways to Mitigate Risk in CP Market to be Studied

A controversial problem statement proposing to study ways capacity suppliers could minimize underperformance penalties by netting them against overperforming units was approved with 80% of a sector-weighted vote.

Those who supported the measure said it was needed to level the playing field between small and large companies and to encourage financial investment.

Opponents said it was a solution without a problem and threatened to unwind a core aspect of the Capacity Performance model.

Bob O'Connell, who brought the problem statement forward on behalf of PPGI Fund A/B Development, responded to consumer advocates who asked what the problem was by saying, "Investors are looking at the market and deciding whether to invest in the energy market or Hollywood films. If investors see too much risk in the market, they may wait several years to bring a project forward."

Market Monitor Joe Bowring opposed the problem statement.

"This seems to me … an attempt to unwind some critical parts of Capacity Performance," he said.

Lisa Moerner, of Dominion Energy Marketing, said the concept does not undermine the Capacity Performance construct.

"We plan to do everything we can to perform during an emergency event under CP," she said. Such risk-mitigating opportunities just give generators more options to do so, she said.

"We'd much rather overperform than pay penalties," she said. "If we can provide megawatt-hours rather than pay a penalty, how is that a bad thing?"

Jason Barker of Exelon said that while that company's general policy is to endorse problem statements and let discussion take place, it would be voting against the problem statement.

"This is really an attempt to rewrite Capacity Performance before the ink is even dry and before we've had a day of performance under this plan," he said.

"If you follow the problem statement through to conclusion, it would provide incentives for market participants to underinvest in generation assets, threatening reliability, and enable those market participants to go into a secondary market and find replacement capacity at lower cost than the established non-performance penalty.

"The level of investment and the level of risk should be reflected in capacity market offers."

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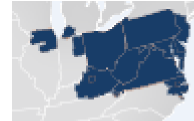
PJM NEWS



Markets and Reliability Committee Briefs

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Committee Approves Manual Changes

Members endorsed the following manual changes:

- Manual 10: Pre-Scheduling Operations. The changes define a generator planned outage and restrict scheduling planned outages during peak maintenance season; define generator maintenance outage; define unplanned outage and clarify notification requirements; and correct the definition of non-synchronized reserve.
- Manual 11: Energy & Ancillary Services Market and Manual 28: Operating Agreement Accounting. Changes reflect Tariff revisions approved by FERC regarding the energy market offer cap that went into effect Monday (ER16-76). Cost-based offers for incremental energy are capped at $2,000/MWh and allowed to set prices. Costs above that cap will be recovered through an after-the-fact review and make-whole payments. Market-based offers for individual units are allowed to rise with their cost-based offers. (See *PJM Members OK $2,000/MWh Energy Market Offer Cap*.) There was one abstention and one objection to this issue.
- Manual 14D: Generator Operational Requirements. Revisions reflect the annual review of the manual as well as revisions to the reactive testing process. Revises and renames the wind farm communication model, making it applicable to all jointly owned resources to avoid confusion among control room operators. Adds definitions of generator planned, maintenance and forced outages. There was one "no" vote on this issue.
- Manual 39: Nuclear Plant Interface Coordination. Updates are the result of a three-year review and include safe shutdown loading requirements developed by the nuclear generation owners' user group.

—Suzanne Herel

FERC NEWS

Appeals Court Upholds FERC on West Coast Energy Crisis Case

By Rich Heidorn Jr.

The 9th Circuit Court of Appeals last week sided with FERC in the latest chapter of the long-running legal dispute over the California-West Coast energy crisis of 2000-2001.

A three-judge panel declined to overturn FERC's decision to apply the *Mobile-Sierra* doctrine — which presumes that the rate set in a freely negotiated wholesale-energy contract is just and reasonable — in determining whether Pacific Northwest power buyers are entitled to refunds.

The judges also dismissed a challenge to the scope of evidence FERC considered in the *Mobile-Sierra* review, saying the issue was not ripe for its review.

California Deregulation

The case before the 9th Circuit stems from the turmoil that followed California's deregulation of the electricity market in the mid-1990s, which resulted in skyrocketing spot prices in California and the Pacific Northwest, largely driven by market manipulation by Enron and other power marketers.

The petitioners, which include the city of Seattle, challenged several FERC orders issued following the 9th Circuit's 2007 remand of the *Port of Seattle* case. In that case, the court reviewed challenges to FERC's denial of refunds to wholesale buyers that purchased power in the Pacific Northwest spot market at unusually high prices.

The court ruled that FERC's failure to consider evidence of market manipulation was arbitrary and capricious. FERC had to "consider the possibility that the Pacific Northwest spot market was not ... functional and competitive," the court ruled.

FERC was ordered to examine evidence of market manipulation "in detail and account for it in any future orders regarding the award or denial of refunds in the Pacific Northwest proceeding."

In response, FERC said it would invoke the *Mobile-Sierra* doctrine, meaning the presumption that the contracts were just and reasonable could be overcome only if specific criteria were met, such as "where it can be shown that one party to a contract engaged in such extensive unlawful market manipulation as to alter the playing field for contract negotiations."

FERC's invocation of the *Mobile-Sierra* presumption meant electricity buyers would need to "demonstrate that a particular seller engaged in unlawful market activity in the spot market and that such unlawful activity directly affected the particular contract or contracts to which the seller was a party."

FERC said it would not consider "general allegations of market dysfunction" because the Pacific Northwest spot market operated solely through bilateral contracts, unlike the California spot market, which used a central clearing price and a centralized power exchange.

In last week's order, the court rejected FERC's contention that it lacked jurisdiction to review the commission's application of *Mobile-Sierra*. But it deferred to what it called "FERC's reasonable determination" that *Mobile-Sierra* applies to short-term sales.

"The mere short-term nature of these spot sale contracts does not render FERC's application of the *Mobile-Sierra* doctrine unreasonable," the court said. "Although long-term contracts may play a special role in stabilizing the energy market … the Supreme Court has drawn the rule so that the presumption may be invoked with regard to any contracted for rate."

Evidentiary Challenges not Ripe

The court said, however, that it lacked jurisdiction to rule on the petitioners' challenges to restrictions that FERC imposed on the evidentiary proceeding. The petitioners said they should be permitted to introduce evidence of reporting violations, violations of obligations under the Uniform Commercial Code and state contract law, and violations by sellers that were not parties to the challenged contracts.

The court said the evidentiary orders are preliminary and lack the "definitive substantive impact" required for the court to assert jurisdiction.

It noted that "FERC has already shifted course on the 'shape' of the proceeding in a way that suggests some elements of its orders may not be sufficiently final for review. … Significantly, it appears that despite arguments raised by the petitioners, at least some evidence of bad faith may have been admitted in the [evidentiary] proceeding."

The court said FERC's final order resulting from the remand hearing will be reviewable and will allow a "more effective review of the evidentiary decisions since the court will be able to review all of the evidence taken together."

FERC Seeks $2.5M Fine in CAISO Market Manipulation

FERC last week ordered ETRACOM and its principal trader Michael Rosenberg to respond to allegations that they manipulated the CAISO energy market in a scheme that allegedly netted $315,000 in profits (IN16-2).

FERC issued an Order to Show Cause accusing the company of submitting virtual supply transactions at the New Melones intertie at the CAISO border in order to affect power prices and benefit its congestion revenue rights (CRRs) at that location.

The Office of Enforcement alleged that in May 2011, ETRACOM submitted and cleared uneconomic virtual supply transactions intended to artificially lower the day-ahead LMP and create import congestion at New Melones. ETRACOM's virtual supply offers resulted in a $42,481 loss, while staff estimates that ETRACOM earned $315,000 in profits on its CRR positions.

FERC staff estimated that the alleged scheme resulted in the market overpaying all New Melones CRR source holders, including ETRACOM, $1.5 million. The overpayment was funded by New Melones CRR sink holders and revenue inadequacy.

FERC is seeking a $2.4 million civil penalty from the company and a $100,000 penalty from Rosenberg in addition to disgorging its profits.

— Rich Heidorn Jr.

FERC News

FERC Allows CAISO EIM to Identify Adjacent Capacity

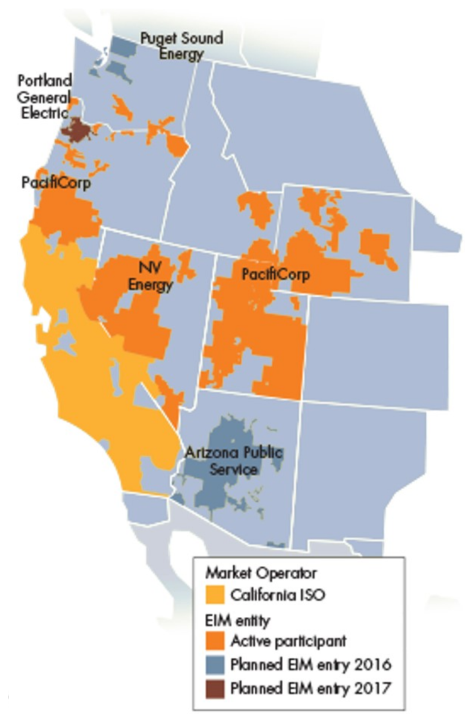
By Michael Brooks

FERC last week approved Tariff revisions that will allow CAISO's Energy Imbalance Market to automatically recognize the capacity that participants outside of the ISO's footprint use to maintain reliability in their own territories (ER15-861-006).

In its filing proposing the change, CAISO told the commission that its software's inability to recognize this "available balancing capacity" was creating false scarcity in the market, resulting in price spikes. The changes will ensure prices reflect the true nature of the deployed capacity, the ISO said.

Under the revisions, each EIM participant will be required to identify the available balancing capacity of all its resources, even if it does not bid those resources into the market.

"We agree that the available balancing capacity proposal will reduce the potential for imbalance energy price spikes by providing for greater visibility of the capacity each EIM entity has available to it to resolve power balance violations within its own [balancing area authority], even when that capacity is not being offered into the EIM," FERC said. The changes also allow EIM participants flexibility to determine what capacity they should retain outside of the market to maintain reliability, the commission said.



CAISO Energy Imbalance Market *Source: CAISO*

Beginning in November 2014, CAISO expanded its EIM to Western Interconnection utilities outside its territory. PacifiCorp — with territory in Oregon, Idaho, Utah and Wyoming — was the first to join, followed recently by Nevada-based NV Energy. Arizona Public Service and Washington-based Puget Sound Energy are projected to join early next year, followed by Portland General Electric in 2017. (See *CAISO Expands Reach to 7 States with Imbalance Market*.)

NV Energy

In a related order, FERC dismissed requests for rehearing of its approval of certain Tariff revisions by NV Energy to allow its participation in the EIM (ER15-1196-002).

Powerex, a power marketer that operates in the western U.S. and Canada, and Truckee Donner Public Utility District, a municipal utility in California, objected to the commission's approval of NV Energy's use of CAISO's LMPs to settle imbalances for transmission customers who opted out of the EIM. Powerex also asserted that NV Energy's participation in the EIM would jeopardize resource adequacy in the Nevada utility's balancing area.

The companies based their complaints in part on price spikes and other problems in the market when PacifiCorp first joined. FERC said, however, that "CAISO has taken tangible steps to resolve the underlying problems that contributed to the price spikes" in PacifiCorp's territory. The commission pointed to the steps the ISO has taken to resolve those problems — including the recognition of available balancing capacity.

Less is More?

FERC Proposal Would Streamline Market-Based Rate Filings

FERC last week proposed reducing the amount of ownership information that companies must provide to obtain market-based rate authority.

The commission allows companies to sell power at market-based rates if they and their affiliates lack, or have adequately mitigated, horizontal and vertical market power. Current rules require applicants to describe the activities of all upstream owners, often requiring sellers to submit multiple amendments to their filings.

The commission's Notice of Proposed Rulemaking would require applicants to provide ownership information only for affiliates necessary for the commission's market power analysis (RM16-3).

Sellers would be required to identify and describe two categories of affiliates:

- "Ultimate affiliate owner(s)," defined as the furthest upstream affiliate owner(s) in the ownership chain; and
- Affiliate owners with franchised service areas or market-based rate authority, or that directly own or control generation; transmission; intrastate natural gas transportation, storage or distribution facilities; physical coal supply sources; or access to transportation of coal supplies.

The NOPR also would clarify the types of ownership changes that must be reported to the commission.

The commission said the changes would be less burdensome for filers and more useful to FERC's assessments.

Comments will be due 60 days from publication in the Federal Register.

— Rich Heidorn Jr.

FERC NEWS

Briefs

FERC Denies MISO Rehearing Request on Redirect Policy

FERC denied MISO's request for clarification and rehearing of a May 2015 order concerning the RTO's request for waivers from the requirements of Order 676-H, which incorporated into commission regulations the North American Energy Standards Board's latest Standards for Business Practices and Communication Protocols (ER15-548-001).

"We disagree with MISO's argument that the commission's policy regarding the point at which a redirect customer loses rights to its original path was unclear until the issuance of Order No. 676-H," the commission said, adding that the policy was announced in 2002.

FERC Directs MISO to Specify SSR Cost Allocations, Interconnection Transfer Rights

FERC denied rehearing but granted clarification of a July 2014 order that conditionally accepted MISO's Tariff revisions regarding system support resource procedures (ER12-2302).

The commission agreed with MISO that its order was unclear, clarifying that the RTO's Tariff must "provide specific guidance about the contractual commitments required of generation and demand-side resource alternatives, and general guidance about how MISO will evaluate whether contractual commitments required for additional types of resources are comparable to the commitments that apply to transmission solutions." The commission said MISO's September 2014 compliance filing generally met the directive.

"However, we note that MISO's proposed revisions providing that a 'generator alternative may be a new generator, or an increase to existing generator capacity' do not address the situation where an existing generator, which is not available at the time of SSR designation and is subsequently made available, can be selected as an alternative solution," FERC said. It ordered MISO to submit a compliance filing within 45 days revising its Tariff to allow an existing generator to be considered as a generator alternative.

The commission also granted Wisconsin Electric Power's request for clarification, ruling that MISO must allocate SSR costs to the load-serving entities that require the operation of the SSR units for reliability. FERC said it agreed with Wisconsin Electric's concern that MISO's method for cost allocation "can produce results that are not consistent with MISO's Tariff or cost-causation principles."

PATH Ruling on RTO Adder Affirmed

The commission denied Potomac-Appalachian Transmission Highline's (PATH) request for rehearing of a November 2012 order denying the transmission developer continued application of the 50-basis-point incentive for membership in PJM (ER12-2708-002, ER09-1256-001).

The commission said that PATH — a joint venture formed by American Electric Power and Allegheny Energy (now FirstEnergy) to build a $1.8 billion transmission line between West Virginia and Maryland — was no longer eligible for the adder after PJM canceled the project in 2012.

The commission said its earlier order was consistent with existing policy, denying PATH's complaint that it had acted retroactively.

In September, a FERC administrative law judge recommended the developers be denied recovery of more than $10 million of their $121.5 million project recovery claim. The judge recommended the commission deny recovery of lobbying and advertising costs as well as part of their legal costs and losses on the sale of the property they acquired.

The commission, which can accept the recommendations in whole or in part, has not acted on the ruling. (See *FERC ALJ Rejects $10 Million in PATH Transmission Project Recovery*.)

— Amanda Durish Cook and Rich Heidorn Jr.

COMPANY BRIEFS

AES Gets Access to 1 GWh of Batteries

AES announced it is gaining access to 1 GWh worth of lithium ion batteries from Seoul-based LG Chem, which it plans to deploy in its Advancion platform, which provides large-scale grid energy storage to utility companies.

The energy storage business is "definitely moving to a new level this year," says John Zahurancik, president of AES Energy Storage. AES says large batteries can displace peaker plants and reduce emissions.

GTM Research says AES could deploy hundreds of megawatts in Ireland and California as early as 2016. It forecasts that the U.S. will deploy a record 192 MW of energy storage in 2015.

More: *AES*; *The Washington Post*

Duke to Bury Coal Ash In Landfill at SC Site

Duke Energy Carolinas filed plans to construct a lined, on-site landfill to bury 2.2 million tons of coal ash at the W.S. Lee Station in Belton, S.C. The company plans to excavate coal ash now contained in two ash basins and a structural fill area on the property.

The new contained system will keep the coal ash from polluting the surrounding soil and groundwater, the company said.

The company already is in the process of shipping nearly 1.4 million tons of coal ash from one ash pond at the site to a landfill in Homer, Ga.

More: *Duke Energy*

Alliant, We Energies Reach Accord on New Power Plant

Alliant Energy says it has settled a dispute with We Energies concerning a $700 million natural gas-fired power plant it plans to build in Beloit, Wis.

WE was trying to block the project, arguing that Alliant should instead purchase power from its Port Washington plant. Alliant said it wouldn't be able to meet its long-term energy needs through that plant.

The terms of the settlement were not disclosed, but Alliant said it would create opportunities for joint ownership of power plants in the future with WE's parent company, WEC Energy Group. Alliant said the agreement also provides for joint development of renewable energy projects.

More: *Journal Sentinel*

NEI CEO Fertel Retiring At End of Next Year


Fertel

Marvin Fertel, who helped lead the nuclear industry's response to the Fukushima accident in Japan, will retire at the end of next year as president and chief executive of the Nuclear Energy Institute. Fertel has led the trade group since 2009.

Fertel has been with the organization since its formation in 1994 and became vice president of Nuclear Economics and Fuel Supply at that time. He was named senior vice president and chief nuclear officer in 2003. NEI is looking to hire a successor.

More: *NEI*

Kipp, 48, Takes over as El Paso Electric's CEO


Kipp

Mary Kipp, the first female chief executive in El Paso Electric's 114-year history, and also its youngest, assumed leadership of the West Texas utility last week.

"It feels really good" to be CEO, the 48-year-old Kipp said a few hours after taking over the company's top job. She has overseen several departments during her seven years at the company and said she plans no big changes.

The company's board of directors appointed her in September 2014 as the successor to Tom Shockley, 70, who retired Dec. 15 after almost four years in the job.

More: *El Paso Times*

ALJ says OCC Should Support OG&E's Proposed Solar Tariff

The Oklahoma Corporation Commission should approve Oklahoma Gas and Electric's plan to levy demand charges on customers who install rooftop solar and other distributed generation, an administrative law judge recommended Dec. 14.

Judge Jacqueline Miller also said the commission should direct OG&E to provide further evidence of the costs distributed generation customers impose on the grid in its upcoming rate case. In the meantime, Miller recommended the commission allow the utility to impose the proposed tariffs on distributed generation customers for one billing cycle, subject to refund. She faulted OG&E for not providing enough information from a checklist developed last year by the commission's public utility division for distributed generation issues.

OG&E filed its case under Senate Bill 1456, which Gov. Mary Fallin signed last year. It allows regulated utilities to propose new tariffs if they can show distributed generation customers are being subsidized for their grid-connection costs by other customers.

More: *The Daily Oklahoman*

PSO to Replace Smart Meters In Tulsa Area Following Recall

Public Service Company of Oklahoma said last week it is replacing "a small number" of Tulsa-area smart meters because of a manufacturer's defect "that could cause the screen to go blank."

PSO sent a letter to nearly 25,000 customers Dec. 14 announcing the recall. The Tulsa-based utility said only residential meters are at issue, and fewer than 10% are affected by the recall. PSO installed roughly 300,000 smart meters in the area this year, about 240,000 at residential properties. None of the General Electric meters have failed, but PSO said it wants to get ahead of any potential issues.

The smart meters have been controversial with some customers, who claim they pose a threat to health, privacy and safety. In October, an administrative law judge recommended approval of PSO's plan to allow residential customers to opt out of smart meters. The recommendation is pending with the Oklahoma Corporation Commission.

More: *Tulsa World*

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Company Briefs

Continued from page 16

Kinder Morgan Joining with Mystery Company to Build Plant

FERC filings indicate that Kinder Morgan is partnering with a company to build a natural gas-fired generation plant in New York state, but there's no clue as to the name of the company or the location of the proposed plant.

A Kinder Morgan spokesman said the agreement with the other company and other details are subject to a confidentiality agreement. Kinder Morgan has proposed a pipeline in New York, the Northeast Energy Direct project. The power plant would probably be a customer of the pipeline.

Tennessee Gas Pipeline, a unit of Kinder Morgan, is seeking FERC approval for the pipeline in the fourth quarter of 2016, with construction starting in January 2017 and an in-service date of Nov. 1, 2018. The company estimates the project will cost $5.2 billion.

More: *The Daily Star*

NRG says Waukegan Station Will Keep Burning Coal

NRG Energy confirmed that its Waukegan Generating Station in Illinois will continue using coal as a fuel source, despite protests by environmentalists.

The plant on Lake Michigan's waterfront was subject to protests by environmentalists who attended a Waukegan City Council meeting last week. The protests spurred Waukegan Mayor Wayne Motley to promise to arrange a meeting with the plant's owner.

NRG spokesman David Gaier said Waukegan is included in the company's long-term plan to invest $567 million in its Illinois assets. "We made it very clear what we are going to do [in Waukegan]," he said, adding that "we continue to operate the plant effectively and safely" using coal. "They're welcome to express their opinions," he said of the protesters, "but we make our plans based on the market."

More: *Chicago Tribune* (subscription required)

Duke Contends New Solar Projects Competitive

Duke Energy assured North Carolina regulators that the new solar projects it is building are competitive with those its affiliate, Duke Energy Progress, purchased through a competitive bidding process.

Duke wants to transfer to its own fleet the certificates of need that are required to build a 60-MW plant and a 15-MW project. Those projects were secured initially by a bidding process that included independent developers.

Duke argued that it can build the projects itself, providing better benefits to customers. "We have the option of really investigating the site and deciding what makes sense for us to build in each case," a company spokesman said. "We can scale it up or drop it some, depending on what we need."

More: *Charlotte Business Journal*

Eversource Sets Reliability Record

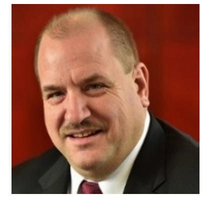
Eversource Energy says the past year was the most reliable on record.

Outages were less frequent and power was restored more quickly than in any previous year in which those events were tracked, according to statistics released by the utility.

Since 2012, the frequency of outages across Eversource's service area has decreased by 18% and restoration times have decreased by 26%, according to a company spokesman.

More: *New Hampshire Union Leader*

PSE&G Names Bridges VP Electric Operations



Bridges

John A. Bridges, who has held various positions with Public Service Electric & Gas since 1987, was named vice president of electric operations. Since starting with the company, Bridges has been a supervising engineer, construction manager, operations and resource manager and division manager.

"He understands what it takes to provide our 2.2 million electric customers with safe, highly reliable service during blue-sky days and in severe weather," said Ralph LaRossa, PSE&G president and chief operating officer.

More: *PSE&G*

Avangrid Closes Merger, Debuts on NYSE

AVANGRID

Iberdrola USA and UIL Holdings have closed their merger and adopted "Avangrid" as the name for the U.S. operations arm of Spanish conglomerate Iberdrola. It began trading on the New York Stock Exchange on Thursday under the symbol AGR.

The combined company has eight electric and natural gas utilities with a rate base of approximately $8.3 billion serving 3.1 million customers in New York and New England. Its renewable energy subsidiary is the second largest wind energy producer in the U.S. with 5.6 GW of wind generation capacity sited in 53 wind farms in 18 states.

James P. Torgerson, CEO of UIL Holdings, became CEO of Avangrid.

More: *Avangrid*

FEDERAL BRIEFS

AP Investigation: US Unprepared For Cyberattack on Grid

The Associated Press published its findings of a yearlong investigation into the security of the U.S. power grid, and its conclusions are not heartening: About a dozen times in the last decade, foreign hackers have gained enough access to operational networks and power plants to allow them to control the flow of power over the grid.

The AP conducted more than 120 interviews with industry experts and government officials, most of whom spoke on the condition of anonymity. These sources said hackers from Iran, China and Russia have penetrated the grid and remain "stowed away" where they can strike at will. "If the geopolitical situation changes and Iran wants to target these facilities, if they have this kind of information it will make it a lot easier," said Robert M. Lee, a former U.S. Air Force cyberwarfare operations officer.

In its report, the news service delved into one such attack on Calpine in August 2013, where hackers gained access to passwords and diagrams of multiple power plants. The AP's sources pointed to aging network infrastructure — such as computers running on Windows 95 and boot up on floppy disks — used to manage substations and power plants that are simply unable to respond or even detect intrusions.

More: *Associated Press*

States, Others File Amicus Briefs in Review of CPV Contracts

More than a dozen states, associations and others filed *amicus* briefs with the Supreme Court last week in two federal-state jurisdictional cases pitting New Jersey and Maryland regulators against FERC.

The court said in October that it would review lower court rulings throwing out state-issued contracts Competitive Power Ventures won to build a 660-MW combined-cycle plant in Maryland and a 663-MW plant in Woodbridge, N.J. (See *SCOTUS Agrees to Hear Md., NJ-FERC Subsidy Case*.)

The main parties filed their briefs in early December. Last week, the court received friend of the court briefs from others including the National Association of Regulatory Utility Commissioners, the American Public Power Association, NRG Energy and officials from more than a dozen states.

More: *Harvard Environmental Law Program; Dockets: Case 14-623, Case 14-614*

GOP Accuses EPA of Using 'Covert Propaganda'

House Republicans are questioning the legality of EPA's use of social media in its climate rule campaign. While not citing any specific alleged abuses, House Energy and Commerce Committee Chairman Fred Upton (R-Mich.) said that last week's Government Accountability Office report accusing EPA of violating the law when promoting its water rule calls into question "the use of social media to promote other rulemaking activity."

"For example, EPA undertook an extensive social media messaging campaign in support of its Clean Power Plan, authoring blog posts and posting messages on Facebook and Twitter," Upton said in a letter to EPA.

An EPA spokeswoman said the use of social media was aimed at educating the public, not influencing policy. "EPA stands by its outreach efforts on the Clean Power Plan," she said.

More: *The Hill*

More than Half of New Capacity Was Renewable in 2014

Electricity derived from renewable sources made up more than half of the country's new energy capacity installations in 2014, according to a report by the National Renewable Energy Laboratory.

Solar grew the fastest, increasing by more than 54% and adding 5.5 GW.

Renewable power made up 15.5% of total installed capacity and 13.5% of total generation.

More: *Computerworld*

EPA Ruling Spurs Rise in Coal Ash Use

The beneficial use of post-combustion coal products — more commonly known as ash — surged in 2014, mostly because of the clarification of federal regulations governing its use.

The American Coal Association said 62.4 million tons of ash, or 48% of all ash produced in 2014, were beneficially used in various applications, such as fill. That is up 21% from 51.4 million tons used in 2013.

EPA signaled in 2014 that it was rethinking coal ash's "hazardous material" designation, spurring increased use, the association said. The agency finalized disposal regulations in December 2014 and it was designated non-hazardous. Figures for 2015 are not yet available.

More: *Power Magazine*

Senate Confirms Cherry Murray As DOE Sciences Director


Murray

The Senate has confirmed Cherry Murray, the former dean of the Harvard School of Engineering and Applied Sciences, as the Energy Department's new director of the Office of Science. She'll oversee research in fusion energy, high-energy physics and nuclear physics, among other areas.

"Dr. Murray will be an outstanding director of the Office of Science, drawing upon her experience in academia as professor and dean of one of country's leading universities of engineering and applied sciences," Energy Secretary Ernest Moniz said. The Office of Science also oversees the department's 17 national laboratories.

In addition to her academic positions at Harvard, Murray has served as associate director and deputy director at Lawrence Livermore National Laboratory, held positions at Bell Laboratories, and most recently served on the National Commission on the BP Deepwater Horizon Oil Spill. She received her bachelor's and doctorate degrees from the Massachusetts Institute of Technology.

More: *Department of Energy*

IEA says Global Demand For Coal Stalls in 2014

Global coal demand stalled for the first time since the 1990s because of increased renewable energy production, more stringent environmental regulations and a decline in industrial use, according to the International Energy Agency.

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The agency said that China's declining appetite for coal caused much of the stall. Although the country continues to build coal-burning power plants, it is also increasing its use of hydro, wind and solar power.

The IEA said it predicts that coal will provide a significant but shrinking share of the world's generation, from the current 41% to 37% by 2020.

More: *Associated Press*

Akron Company Gets $1.3 Million From DOE for Clean Steam Plant

Ohio company Echogen Power Systems is getting a $1.3 million Energy Department grant to develop a cleaner coal-burning power plant. The government's Supercritical Transformational Electric Power program is providing it with funding to explore the use of supercritical carbon dioxide, or carbon dioxide at high temperature and pressure.

Echogen, which operates out of a former steel company building in downtown Akron, is using supercritical carbon dioxide technology to boost waste-heat capturing systems in industrial applications. It will use the money to develop a 10-MW demonstration plant to employ supercritical carbon dioxide in a coal-burning system. It says using supercritical carbon dioxide will require less fuel and produce fewer emissions.

Construction of the plant is scheduled to start in 2019, according to Echogen.

More: *Akron Beacon Journal*

FTC to Review Energy Transfer, Williams Cos. Merger

The Federal Trade Commission is reviewing the proposed merger of Energy Transfer Equity with The Williams Companies. The $37.7 billion merger would create the third largest energy franchise in North America.

Energy Transfer and Williams confirmed that FTC would review the proposed combination of the two pipeline giants. The deal also needs FERC approval, which would have to rule that the merger would be in the public interest.

The FTC review will determine if any antitrust issues would arise with such a merger. One legal expert, Franklin G. Snyder of Texas A&M School of Law, said he believes there will be few roadblocks. "Reports so far suggest that the antitrust problems will not be too serious and that it would likely get FTC approval, but the FTC will certainly be looking very closely," he said.

More: *Texas Lawyer*

FERC to Consider Columbia's $1 Billion Modernization Program

Columbia Transmission, operator of a network of natural gas pipelines serving the Northeast and the Appalachian shale region, has filed a $1 billion modernization program with FERC.

Columbia said it will replace more than 130 miles of pipe, update its preventative maintenance program and add nearly 80,000 horsepower of compression to its standby fleet of compressors to increase reliability in times of high demand and cold temperatures. The proposed modernization program will reduce greenhouse gas emissions by about 20,000 tons a year, according to the company.

The company has asked FERC to approve the customer agreement surrounding the modernization program by the end of March.

More: *Columbia Pipeline Group*

State Briefs

CONNECTICUT

Beacon Falls Project Siting Draft Released

The Siting Council last week issued a 16-page draft fact-finding report on the 63.3-MW fuel cell power plant Beacon Falls Energy Park. The council is expected to rule early next year on whether the plant can be built on a former sand and gravel pit.

If approved, construction of the plant would start next May, said William Corvo, president of CT Energy & Technology, a Middletown company that will own the facility once it is completed. The first phase could be done by July 2017, with completion by the end of 2019.

The plant will use 11.1 million cubic feet of natural gas a day for fuel and 300,000 gallons of water per day for fuel processing, according to the report. Fuel Cell Energy, of Danbury, will manufacture the 21 fuel cells in the project, making it the world's largest fuel cell plant.

More: *New Haven Register*

DELAWARE

Bloom Energy Subsidy to be Carved out on Delmarva Bills

Delmarva Power and Light customers will begin seeing how much of their monthly bill goes to subsidize Bloom Energy under an order approved this month by the Public Service Commission.

In 2011, Delaware enlisted the California fuel cell manufacturer to build a factory in Newark by offering it $16.5 million in state funds and a 21-year subsidy from Delmarva, which buys energy from the fuel cells to meet its renewable power goals.

Bloom promised to hire 900 workers by 2017. By Sept. 30, it had employed 224. Bloom might have to return some of the $12 million it has received from the state for job creation if it doesn't meet its workforce goal.

More: *The News Journal*

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STATE BRIEFS

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ILLINOIS

Commission Halts Peoples Gas Pipeline Replacement Program

The Commerce Commission has suspended an $800 million plan to replace 250 miles of Peoples Gas mains over the next three years.

WEC Energy Group purchased the parent of Peoples Gas in June, promising to spend $250 million annually on the pipeline replacement program. Attorney General Lisa Madigan, among others, has expressed fears about how the infrastructure program will impact rates of Chicago customers.

A new pipeline replacement plan is expected to be approved by the ICC by the end of 2016. In the meantime, the company will decide how much gas main work it will perform.

More: *Crain's Chicago Business*

INDIANA

Residents Criticize NIPSCO Rate Increase

Residents turned up last week to protest NIPSCO's proposed electric rate increase at a Utility Regulatory Commission regional hearing.

Hearing attendees said the utility's proposed increase in its flat monthly customer charge from $11 to $20 would punish low- and fixed-income ratepayers. Laura Arnold, president of the Indiana Distributed Energy Alliance, said it is unclear how the utility justified the $9 increase in the fixed monthly charge.

The rate increase would generate $126.6 million in added revenue for the utility. NIPSCO's last rate increase was in 2011. Public hearings will continue into February, when the IURC will hold an evidentiary session.

More: *Post-Tribune* (subscription required)

KANSAS

Commission Takes Steps To Clean Power Plan Compliance

The Corporation Commission has taken a first step toward figuring out how the state will comply with EPA's Clean Power Plan, which forces states to reduce their carbon dioxide emissions.

The state has joined several dozen others in a suit to block the regulations, but it also has taken steps toward complying with it. The legislature passed a law last session requiring the KCC to provide information about each utility's options to comply with the rules, the cost of those options and how they would affect reliability. The three KCC commissioners approved opening a general investigation docket on Dec. 3 and instructed staff to contract with a consultant to examine the options.

The process will involve a public educational session on Jan. 12 with staff from the commission, the Department of Health and Environment and the Attorney General's office. The commission also plans other hearings and a public comment period.

More: *The Topeka Capital-Journal*

Buckeye Wind Energy Center Comes Online

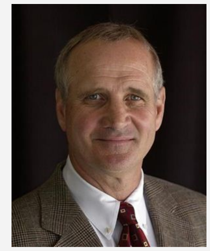
Gov. Sam Brownback and other state and county leaders recently inaugurated the Buckeye Wind Energy Center, a 200-MW project northwest of Hays. The 25,000-acre wind farm, owned and operated by Invenergy, includes 112 GE 1.7X100 turbines.

During the next 20 years, Invenergy expects to pay out $30 million to the landowners for leases and $17 million to Ellis County in lieu of taxes, said Kelly Meyer, Invenergy vice president of development.

More: *The Hays Daily News*

KENTUCKY

Lawmaker Wants Tax Imposed on Electric Cars



Bowen

A state senator wants to impose an annual $100 tax on owners of electric cars to substitute for fuel taxes to fund road maintenance and repairs.

"If you're using our highways, if you're using our roads out there, you ought to help pay for them," Sen. Joe Bowen, a Republican, said during a December committee hearing.

The Transportation Cabinet expects fuel tax collections to decline $100.4 million next year as conventional vehicles become more efficient and more electric vehicles take to the road. The National Conference of State Legislatures says that 10 states currently assess a special fee on electric car owners.

Stuart Ungar, president of EVolve KY, a group of electric car enthusiasts, said the tax would discourage electric car ownership.

More: *WKMS*

MAINE

South Portland Officials Reject Solar Proposals

South Portland officials have rejected two proposals from developers seeking to build solar power farms on city properties, including a former landfill.

One of the proposals came from Ameresco, and the other came from ReVision Energy and Energy Systems Group. City officials said neither bid offered an appealing power purchase agreement nor addressed the city's desire to install solar arrays on nine municipal buildings.

More: *Portland Press Herald*

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State Briefs

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MICHIGAN

DTE Gets Rate Hike Approval from Regulators

The Public Service Commission granted a $238 million rate increase to DTE Energy that would raise the average monthly residential bill by $8.22.

The increase will help the utility finance the purchase of two natural gas-fired electric plants to replace two coal-fired plants DTE plans to close in 2016. The total rate increase for residential customers is 5.3%, while commercial customers will pay 3.4% more. Industrial customers will receive a 2.4% decrease.

PSC Chairman John Quackenbush said customers will benefit from a more reliable system and a cleaner environment.

More: The Detroit News

MISSOURI

Farmers Still Blocking Clean Line Power Project

The state's farming community is still blocking Clean Line Energy's $2.2 billion Grain Belt Express transmission line, which has been approved in three other states.

In July, the Public Service Commission said the project wasn't necessary and denied Clean Line Energy's application. The commission reportedly took into account the farmers' concerns about crops and pastures and difficulties steering farming equipment around towers. The 780-mile HVDC line has won approval from Kansas, Indiana and Illinois, although opponents in Illinois are planning to appeal the approval process.

Clean Line says the transmission line would deliver renewable, low-cost energy to 200,000 homes in Missouri alone and help the state comply with the federal Clean Power Plan.

More: Associated Press

Independence Ponders Community Solar Farm

MC Power Companies has proposed building a 3.3-MW community solar farm in the city of Independence, which would be the largest in the Kansas City area.

Independence Power & Light would buy the energy from MC Power at a fixed price for 25 years. IPL would have the option to buy the farm after seven years. MC Power has a long-term lease for the land, said Loren Williamson, the company's senior vice president of project development.

The City Council heard details about the proposed project Dec. 14. The ordinance for the power purchase agreement is scheduled for a vote Monday. It would bring IPL's renewable energy production to about 13.5%, a step closer to the council's goal of 15% by 2021.

More: The Examiner

MONTANA

Talen's Share of Power Plant Drops 87% in Market Value

The market value of Talen Energy's stake in a coal plant has declined 87% over the past two years, according to figures provided to the *Great Falls Tribune* by state revenue officials.

The Colstrip Steam Electric Station, partially owned by Talen Energy, has fared poorly as a merchant generator competing with cheap natural gas, according to officials. "The prospects for coal versus natural gas have deteriorated," said Julien Dumoulin-Smith, a power sector analyst from UBS Securities.

In 2013, Talen's stake in the Colstrip station was valued at $400 million. Today, that share is valued at $45.5 million. About three-quarters of residents in Rosebud County, where Colstrip is located, get their electricity from the plant. Diminishing revenue from the plant has prompted the county to raise taxes.

More: Great Falls Tribune

NEW JERSEY

BPU Approves Gas Line Through Pine Barrens

The Board of Public Utilities last week approved plans by South Jersey Gas to build a 22-mile natural gas line through the Pine Barrens without any further review. The decision came after the staff of the Pinelands Commission approved the project without putting it to the commission's board.

The BPU's decision raised howls of protests from environmental groups. The Pinelands Preservation Alliance called the decision "deplorable" and said it was a case of "politics and money triumphing over pinelands preservation and the public interest." New Jersey Sierra Club Executive Director Jeff Tittel vowed his organization would appeal.

One BPU member recused himself and another was not present for the 3-0 vote. The pipeline is designed to deliver natural gas to the B.L. England generating station in Cape May County. The plant currently burns coal and fuel oil, but would be converted to gas if the pipeline is completed.

More: The Philadelphia Inquirer

Lawmakers Deliver Votes to Cut Emissions, Rejoin RGGI

Christie

The state legislature voted on two measures to cut carbon emissions in the state, handing Gov. Chris Christie an unmistakable message that it doesn't agree with his stance on global warming.

The Senate cleared a bill that calls for more renewable energy generation, while the General Assembly passed a resolution that calls for the state to rejoin the Regional Greenhouse Gas Initiative. Both votes were largely along

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party lines, with all Republicans in the Assembly voting against them.

Christie said RGGI was ineffective and represented a tax on utility customers.

More: NJ Spotlight

Assembly to BPU: Rethink Fishermen's Energy Project

The state legislature continued its renewable push by passing a bill that requires the Board of Public Utilities to reconsider the Fishermen's Energy offshore wind project, regardless of its cost.

The bill would require the board to exempt the three-turbine project from a cost-benefit analysis. The vote is seen as another swipe at Gov. Chris Christie's administration, which supported an offshore wind energy development act five years ago but whose support for renewable energy has waned since.

"The failure of the Christie administration to adopt rules for offshore wind or hold up projects like Fishermen's Energy has cost New Jersey jobs and economic investments," said New Jersey Sierra Club Director Jeff Tittel.

More: reNEWS

NEW MEXICO

Legislators Reintroduce Bipartisan Solar Tax Credit Bill


Barnes

Two state legislators — a Senate Democrat and a House Republican — are teaming up again to push a solar energy bill that last year passed the Legislature with strong bipartisan support, only to be pocket vetoed by Gov. Susana Martinez.

Sen. Mimi Stewart and Rep. Sarah Maestas Barnes have pre-filed bills that would extend the current state solar tax credits. The 10% credit for a solar installation is set to expire at the end of 2016. These bills would extend the credit through 2024.

Although the legislation passed last year, Stewart said in an interview that she is afraid the bill could have a harder time getting out of the Senate Finance Committee. That is because falling oil prices mean less tax revenue for the state.

More: The Santa Fe New Mexican

Commission OKs Partial Shutdown of San Juan Plant

The Public Regulation Commission last week adopted a plan to shutter part of the coal-fired San Juan Generating Station, bringing to a close years of wrangling over the best way to curb pollution while limiting the effects on utility bills and the region's economy.

The 4-1 vote came as environmentalists, consumer advocates, state lawmakers and lawyers for the utility that runs the San Juan plant packed a PRC hearing in Santa Fe.

Under the plan, Public Service Company of New Mexico (PNM) will be allowed to absorb excess capacity from the utilities that are divesting ownership shares in the plant. Most environmentalists and clean energy advocates had previously opposed that, but PNM agreed to a new review by regulators in 2018 to determine whether more or all of the plant should be shut down after 2022.

More: Albuquerque Journal

NEW YORK

Commercial Sites to Expand Long Island Solar

The solar industry on Long Island is turning its attention from residential installations to commercial systems. One of the island's largest commercial rooftop installations was unveiled at the Clare Rose beverage distribution facility in Yaphank, a $3.5 million project that will supply more than 90% of the company's electricity and pay for itself in less than five years. The federal tax credit for that project will exceed $1 million.

"There's a flurry of activity right now" in the commercial sector, said David Schieren, chief executive of EmPower Solar in Island Park, one of Long Island's largest installers. EmPower expects to see a 10% shift toward the commercial sector next year, to 40% of its overall business.

In recent years, fewer commercial customers have installed solar. The number of rebated commercial systems is down for the past three years, to just 59 as of the end of November, compared to a high of 235 in 2011. The total number of megawatts on the commercial side is increasing, however, from 4.1 MW in 2013 to 6.1 MW thus far in 2015, according to PSEG Long Island, the local utility.

More: Newsday

Manufacturing Plant Given Cheapest Rate

The New York Power Authority has approved a deal to give cheap electricity to an aluminum smelter that had announced a plant closure. The deal will allow the Alcoa plant in Massena to stay open and save 600 jobs.

The price of power for the plant will be cut and future changes will be tied to the price of aluminum. Authority CFO Robert Laurie said the rate cut, which runs through March 2019, would cost the authority about $12 million annually in lost revenue. Laurie said the authority would likely not find another customer for as much power as the Alcoa plant consumes, which would have to be dumped onto the wholesale power market with "uncertain effects" if the plant closed.

Laurie said Alcoa will pay $12.25/MWh, the lowest electricity price of any NYPA commercial customer, and warned that other customers may approach the authority "to request similar treatment."

More: Times Union

OHIO

University Completes Switch to Natural Gas

Ohio University's on-campus power plant burned its last ton of coal on Thanksgiving Day and is now heating

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its buildings with natural gas, a switch that was completed six weeks ahead of schedule. The university had set Dec. 31 as the deadline to switching fuels, but work on the changeover was completed early.

The university will be installing two permanent natural gas-fired boilers, a project due to be completed by September 2017. The plant's two coal-fired boilers and the obsolete smokestack will be removed.

The university is now getting about 20% of its overall power from the temporary gas boilers, and is purchasing another 50% on the open market from renewable sources.

More: *Athens Messenger*

PENNSYLVANIA

PUC Names Place to Replace Vice Chairman Brown

Place

The Public Utility Commission named Commissioner Andrew G. Place as vice chairman, replacing John F. Coleman Jr., who will remain on the commission until his term expires in 2017. Place was nominated to the commission by Gov. Tom Wolf earlier this year, and confirmed by the Senate in September.

He came to the commission after serving as director for energy and environmental policy at EQT Corp. Place worked to form the Center for Sustainable Shale Development and held several positions at the state Department of Environmental Protection.

More: *Pennsylvania PUC*

TEXAS

Regional Haze Rule Could Cost Coleto Creek $100M

A newly announced EPA haze rule could cost the Coleto Creek coal-fired power plant near Victoria more than $100 million.

The federal agency announced Dec. 9 its haze regulations for the state, which require it to reduce pollutants that impair visibility in national parks and wilderness areas. Coleto Creek and six other coal-fired power plants in the state will need to make expensive upgrades or retrofits under the new rule to cut sulfur dioxide emissions.

Coleto Creek, which is owned by GDF Suez Energy Resources North America, has five years to comply with the new rule.

More: *Victoria Advocate*

El Paso Wants 67% Cut In EPE Rate Proposal

El Paso Electric's proposed rate increase should be reduced almost $48 million, or 67% less than the utility has sought, the City of El Paso said in documents filed with the Public Utility Commission.

The city is asking the PUC to reduce the utility's rate request from $71.5 million to $23.5 million, which would result in an overall rate increase of 5.5%, compared to the utility's proposed 16.6% increase.

The city also is asking the PUC to reject the utility's proposal to establish a special rate class for residential customers with rooftop solar systems, which would increase those customers' rates more than regular residential customers.

More: *El Paso Times*

Carbon Capture Project Gets Important Land Agreement

Odessa Development Corp. voted to extend the land agreement with Summit Power Group, allowing the company to build a $2.5 billion power plant that captures and stores carbon on a 600-acre site.

Summit officials signed contracts Dec. 7 with the primary companies that will construct the Texas Clean Energy Project, which will sell power, CO_2, urea and sulfuric acid. Summit still must raise funding to build the plant, and it is targeting financial closing in spring 2016.

Before the extension becomes final, Summit must also gain the approval of Grow Odessa, the non-profit organization that initially acquired the proposed Summit site. The Odessa City Council has already approved the extension.

More: *Odessa American*

VERMONT

St. Albans Cow Manure Digester to Produce Power

Green Mountain Power says it will build a manure digester in St. Albans that will turn cow dung from three farms into electricity and reduce phosphorous pollution into Lake Champlain.

The $8 million project, which will generate enough electricity from methane gas to power about 700 homes, will help meet about one-third of EPA's target for reducing farm phosphorous runoff into St. Albans Bay.

EPA this summer set new pollution reduction goals for the state's side of the lake. The digester process will remove much of the phosphorous from the manure. The fibrous byproduct from the process will be turned into animal bedding.

More: *Burlington Free Press*

WISCONSIN

Legislation Proposed to End State Nuclear Ban

A bill that would authorize new construction of nuclear reactors in the state was introduced Dec. 14 in both houses of the Legislature. Supporters say zero-emissions nuclear energy sources are needed under the Clean Power Plan, while critics of the legislation say building nuclear plants is an expensive way to comply with the federal carbon-reduction mandate.

WEC Energy Group said new sources of power wouldn't be needed for at least 10 years, given the company's recent completion of new plants. Republican State Rep. Kevin Peterson said during a legislative hearing that his bill "simply reopens the door to technology that has advanced well beyond what it was when our state closed that door 30-plus years ago."

During Gov. Scott Walker's 2010 campaign, he promised to end the state's more than 30-year moratorium on erecting nuclear plants. Currently, 13% of the state's electricity supply comes from nuclear sources.

More: *Milwaukee Journal Sentinel*

GSA, DC's Largest Power Consumer, Opposes Exelon-Pepco Settlement

By Suzanne Herel

D.C.'s largest consumer of electricity, the federal government, is urging the Public Service Commission to reject Exelon's proposed $6.8 billion acquisition of Pepco Holdings Inc. unless the applicants revise their settlement to provide benefits for non-residential customers.

"The terms of the settlement agreement are not consistent with the public interest because there are no direct benefits … for commercial customers, and the [customer investment fund] benefit for residential ratepayers is less than face value," the General Services Administration said in an initial brief filed Dec. 16.

It also called for a two-year rate freeze and a cap on Pepco's cost recovery on the development of four proposed microgrids.

"While the $25.6 million residential base rate credit is provided to cover base rate increases occurring from the merger closing through March 31, 2019, residential rates will increase during that period, and the terms of the settlement agreement anticipate that the credit may be insufficient to cover all residential increases approved during that period," GSA said, predicting that any benefit would be offset by an ensuing "rate shock."

To blunt a rate hike, GSA proposes a two-year freeze of distribution rate cases, through Dec. 31, 2017.

GSA noted that the effects of the settlement stretch beyond the district. Federal customers, which represent 25 to 30% of Pepco's annual distribution and load delivery revenue, pay their utility bills with money from taxpayers in all 50 states and the district.

In response to GSA's filing, Exelon and Pepco released a joint statement saying, "All customers, including the GSA, will benefit from merger commitments now before the commission, including improvements in service reliability, investment in sustainability and the economy of the district and synergy savings that will go back to customers through rates that are lower than they would be absent the merger."

GSA: Comments Should Count

GSA's comments came after the deadline for the agency to become a legal part of the case. But it asked the PSC to afford it as much weight as those from other intervenors, pointing out that it was given party status in the beginning of the proceedings and participated in settlement conferences ordered by the commission.

It also had filed a motion against re-opening the case after the applicants submitted a settlement agreement reached with Mayor Muriel Bowser's administration and opposed the truncated rehearing schedule, saying it didn't give the non-settling parties enough time to prepare an informed response.

Regardless of deadlines, comments continue to pour in to the PSC, which has said the case has received the most public input of any in the commission's more than 100-year history.

Among them are more than 40,000 signatures of district residents that Exelon and Pepco collected in support of the merger as well as resolutions from neighborhood groups opposing the deal.

The merger, which would create the nation's largest utility, was rejected in August by the D.C. PSC after being approved by FERC and regulators in Delaware, Maryland, New Jersey and Virginia.

In early October, the applicants reapplied with a settlement supported by former critics — Bowser, People's Counsel Sandra Mattavous-Frye and Attorney General Karl Racine — that included $78 million in public benefits. (See *Mayor's Settlement Puts DC PSC on the Spot in Exelon-Pepco Deal*.)

Bowser Comes Under Scrutiny

Last week, Bowser's reversal was hit with a new volley of criticism when radio station WAMU reported that the head of a political action committee formed by her supporters had been hired by Exelon to lobby city officials to support the merger.

FreshPAC was able to skirt fundraising limits due to a loophole in D.C. law. It was disbanded in November after being accused of creating a "pay-to-play" political environment.

Records show that Exelon hired the committee's chairman, Earle "Chico" Horton III, as a lobbyist on Sept. 30. The settlement was made public Oct. 6.

The Washington Post editorial board called on Bowser to release emails and other materials documenting the negotiations that went into the settlement.

"There is nothing illegal, or all that unusual, about companies hiring lobbyists with connections they think will serve their interests," the *Post* wrote. "But what is legal is not always right, and the fact that someone who was raising thousands of dollars to advance the mayor's interests was at the same time carrying water for a company that wanted something from the government is more than unseemly."

The PSC is expected to render its decision in early 2016. (See *Exelon, Pepco Make Final Case for Merger in DC PSC Hearings*.)

A decision also is pending on an appeal of the Maryland Public Service Commission's 3-2 vote approving the merger.

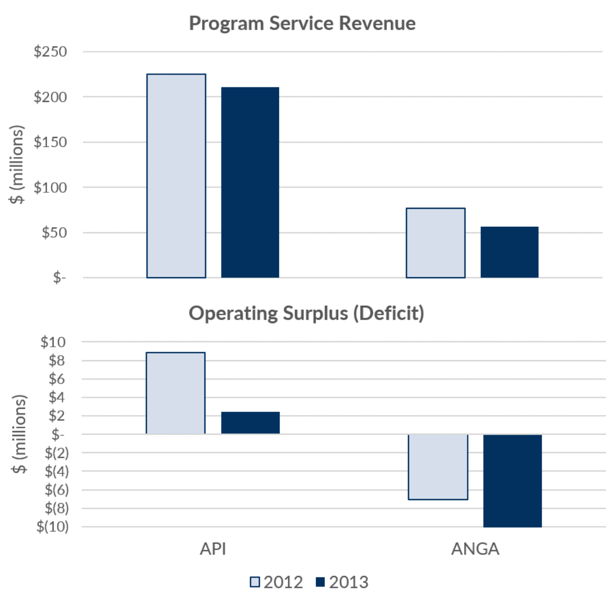
On Dec. 8, the Office of the People's Counsel and the Sierra Club argued before Queen Anne's County Circuit Judge Thomas Ross that the merger was not in the public interest. He is expected to issue an order on or around Jan. 8.

API, ANGA Merge in Cost-Cutting Move for Oil & Gas Lobby

By Tom Kleckner and Rich Heidorn Jr.

WASHINGTON — With low oil and gas prices crimping the petroleum industry's budgets, two major energy lobbying groups are combining forces. The American Petroleum Institute and America's Natural Gas Alliance will begin 2016 as a single organization under the API banner.

The move appears to be driven by a desire by members of ANGA — a smaller, newer organization — to trim costs. Seven of the 17 members listed on ANGA's website are also API members.



Source: API, ANGA Form 990s

API, founded about 85 years ago, has more than 625 members, including refiners, suppliers and pipeline operators. In 2013, according to its IRS filings, it had a staff of about 300 and a $49 million payroll, one-fifth of its $238 million budget.

ANGA, founded in 2009, has a staff of about 22 representing 17 dozen independent natural gas exploration and production companies. It reported $7.2 million in payroll in its $67 million budget for 2013.

Ominously, ANGA's biggest source of income, program service revenue — dues — dropped by more than a quarter in 2013, from $76.7 million in 2012 to $56.5 million in 2013. API's program service revenue dropped from $225 million to $210 million over the same period.

ANGA ran an operating deficit of more than $10 million in 2013, following a shortfall of $7 million in 2012 — this after running a surplus of $53 million as recently as 2010.

Data for 2014 is not yet available.

Gerard

"As a single organization, the combined skills and capabilities bring an enhanced advocacy strength to natural gas market development," API CEO Jack Gerard, who will remain in his position, said in a statement. "The combined association's expanded membership will provide additional lift to API's ongoing efforts on important public policy issues."

ANGA president Marty Durbin will lead a new group at API that will handle the gas lobby's interests. ANGA members not already affiliated with API will become full members. The organizations did not return requests for comment on whether the merger would result in layoffs.

Gerard earned $14.1 million in 2013. Durbin earned $767,000 after becoming CEO in May of that year.

According to *The Hill*, API spent $9 million lobbying Congress last year — more than any other energy trade group — while ANGA spent $1.4 million.

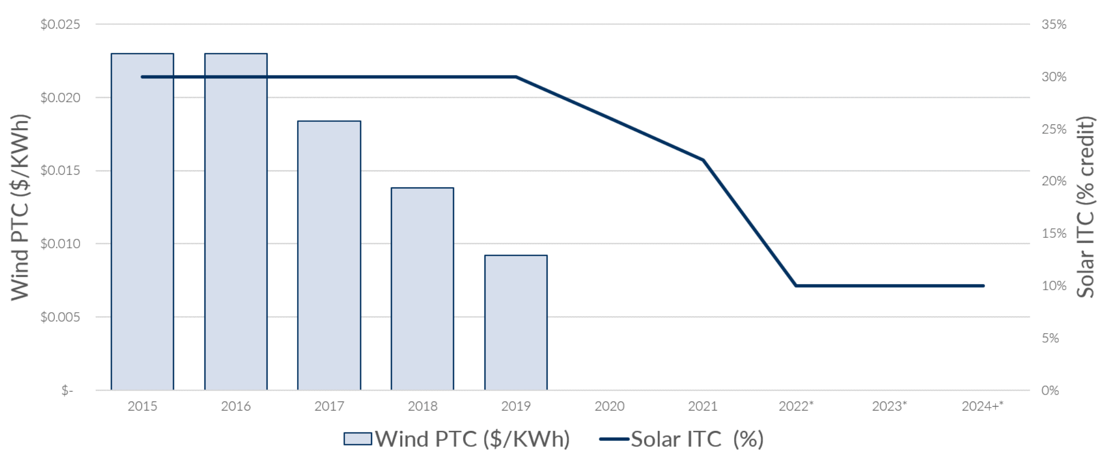
Congress' approval last week of a repeal of the decades-long ban on crude oil exports gave API a rare chance to celebrate lately. It said the legislation "will help bring U.S. energy policy into the 21st century."

Solar to Shine Under ITC Extension

Continued from page 1

more bullish, saying it expects solar capacity to quadruple to nearly 100 GW by 2021. The ITC extension will lead to $40 billion in incremental investment in solar from 2016 to 2020, it said.

"There's no way to overstate this — the extension of the solar ITC is the most important policy development for U.S. solar in almost a decade," said MJ Shiao, director of solar research for GTM Research.



*for non-residential and third-party owned residential; 0% for host-owned residential

Renewable tax credits *Source: GTM Research, AWEA*

By 2020, said Shayle Kann, senior vice president at GTM Research, "more solar will be installed each year than was added to the grid cumulatively through 2014."

Wall Street agreed, with shares of solar companies Enphase Energy, SunEdison and SolarCity each rising by 32% or more last week.

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Solar to Shine Under ITC Extension

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Source: New York Energy Highway

"With the extension of tax credits, solar becomes cost-effective for new customer demographics and in more states. Without it, it could take years for that to be true," Shiao told *RTO Insider*. "With the ITC extension, the next five years will see 25 GW of solar that otherwise wouldn't be installed."

The bill extends the 30% solar investment tax credit through 2019, dropping gradually to 22% by 2021. The credit is eliminated for homeowners beginning in 2022 but continues indefinitely at 10% for commercial installations. Projects that come online by the end of 2023 will qualify for larger credits based on the year in which construction began.

Shiao said the extension provides a bridge to EPA's Clean Power Plan, whose requirements don't take effect until 2022. The CPP anticipates additional wind and solar energy making up for reduction in fossil fuel generation.

GTM Research said the extension will have the biggest impact on utility-scale solar, boosting deployments 73% through 2020 with utility-scale contracts dropping below $0.04/kWh.

Without the bill, the ITC would have dropped to 10% for non-residential and third-party-owned residential systems and zero for host-owned residential systems in 2017.

Bloomberg New Energy Finance said developers would have installed 11.9 GW of solar panels in the U.S. next year in a rush to beat the ITC's expiration. With the extension, BNEF said, 2016 will likely see the addition of about 9.1 GW, a drop of almost one-quarter.

BNEF had predicted solar installations would drop by as much as 71% in 2017. It now predicts an increase of 5.5% over 2016.

IHS Technology said the U.S. solar installations would have dropped by 6.5 GW in 2017 from 2016 without the extension.

End Game for Wind?

The story is a bit different for the more mature and competitive wind industry.

The wind production tax credits were extended at 2.3 cents/kWh for 2015 and 2016, dropping by 20% in each of the following three years to 40% of the current level by 2019. Without additional congressional action, it would expire in January 2020.

The American Wind Energy Association said in a statement Friday that the bill ensures "stability for 73,000 American wind industry workers … and [wind] investors."

AWEA said the PTC has helped more than quadruple U.S. wind power, with installed capacity rising from 16.7 GW at the beginning of 2008 to 69.5 GW by the third quarter of 2015. The organization credits the PTC with helping advance wind turbine technology, leading to a 66% drop in the cost of wind energy over the last six years.

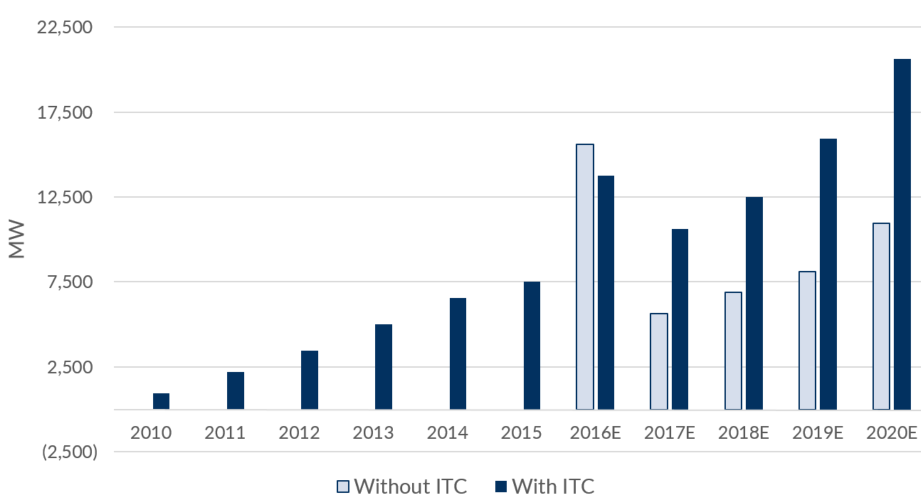
Beth Soholt, executive director of the renewable energy advocacy group Wind on the Wires, issued a statement applauding Congress' action.

"This extension gives these renewable energy industries the certainty they need to plan for the future and mitigates the boom-bust cycles that are so very detrimental," she said.

When renewable energy tax credits were allowed to briefly expire in 2013, wind farms saw a 92% drop in their installation and some 30,000 jobs were lost. After the PTC was renewed, the wind industry recovered all but 7,000 jobs by the end of 2014, according to AWEA data.

With the extension, BNEF says, the U.S. will add 44 GW of wind capacity by the end of 2021, a 76% increase over the 25 GW it said would have been built without any subsidies.

Wall Street's reaction to the PTC was more muted, with Vestas Wind Systems A/S, the world's largest turbine maker, finishing last week up by more than 8%, albeit at a five-year high.



U.S. solar PV installations with and without ITC extension, 2010-2020 *Source: GTM Research*

PJM to Analyze AEP, FirstEnergy PPAs; Critics Join Forces

Continued from page 1

advance valid state and local interests, even where such choices might complicate PJM's functions," Duane said, reading a statement. "It is our job, however, to express our views on regional reliability and the performance of the wholesale electricity markets in assuring that objective in the least-cost manner. This responsibility includes assessing the potential for state policies to negatively impact this objective and informing policymakers of the trade-offs that can arise from their policy objectives.

"The record in Ohio shows that PJM's markets have, since their inception, succeeded in providing reliable, competitively priced wholesale electricity. Our markets and regional transmission expansion planning process will ensure that wholesale electricity remains reliable and competitively priced in Ohio," Duane said.

Duane's comments appeared to rebut the arguments AEP and FirstEnergy have presented to Ohio regulators — that the PPAs were needed to protect ratepayers from volatile natural gas prices and the reliability risks of plant retirements. Wall Street sees the PPAs as a way to prop up the finances of the companies' aging, uneconomic generators.

Impact on Customers

AEP's deal provides guaranteed income for the output of the company's 2,671-MW ownership share of nine plants, as well as its 423-MW contractual share of Ohio Valley Electric Corp.'s (OVEC) generating fleet, until May 2024.

AEP said the agreement would raise a typical residential customer's bill by 62 cents per month. but save consumers $721 million over its 8-year life.

Opponents say AEP's projections assume an unlikely increase in natural gas costs in the later years. The Ohio Consumers' Counsel has predicted that the deal would cost consumers an extra $2 billion.

Many of the companies and associations that denounced the AEP settlement also criticized a similar agreement with FirstEnergy. Dynegy and Talen Energy have threatened to sue over the deals.
(See *Merchant Generators Lead Opposition to FirstEnergy-Ohio Settlement*.)

Dynegy is among the members of the newly formed opposition coalition The Alliance for Energy Choice, which enlisted Todd Snitchler, PUCO chairman from 2011 to 2013, to represent their cause.

"I see this as a clear retreat from competitive markets, and it's an attempt to re-regulate without changing the law, and I don't think the commission has the power to do that," Snitchler told *The Columbus Dispatch*.

Environmental Impacts

AEP won the support of the Sierra Club — which rejected the FirstEnergy settlement — with a promise to double the state's wind generation and nearly quintuple its solar capacity. AEP's agreement also includes a promise to retire or convert some of its coal-fired generators to natural gas. (See *AEP Ohio Reaches PPA Settlement with PUCO Staff, Sierra Club*.)

While the Sierra Club agreed to support the deal, other environmental groups were not swayed by the utility's promises.

"This shortsighted settlement is a raw deal for people and their health. It guarantees higher energy bills for families and small businesses, big profits for AEP, and at least eight more years of asthma-inducing, climate-warming, dirty energy for all," the Ohio Environmental Council said.

Dick Munson, director of Midwest Clean Energy for the Environmental Defense Fund, said in a statement: "AEP and its allies will tout the utility's commitment to close coal plants 15 years from now with this proposed subsidy, even though economics would force its aging, inefficient coal plants to close much sooner. Ohio regulators should foster a fair energy marketplace and reject AEP's bailout."

A spokesman for the Environmental Law and Policy Center said that group also opposes the settlement, but provided no details.

'Thumbing of the Nose'

Republican state Sen. Bill Seitz, who chairs the Senate Public Utilities Committee, was also upset by the deal, saying it is contrary to last year's passage of SB 310, which repealed the mandate that utilities purchase half of their renewable energy from sources within Ohio.

"The settlement's requirement for 900 MW of in-state renewables … is a direct thumbing of the nose to a legislative decision, and things will not go well for PUCO if they continue to defy the will of the General Assembly," he said.

The deal, he said, "unfairly saddles all ratepayers (whether served by AEP or not) with the additional cost of the renewable energy, in addition to making the [competitive retail electric service] providers less able to compete because their customers will be paying for what may be poor choices and bad, costly deals made by AEP."

The proposed settlement would require Ohio Power, AEP's regulated distribution company, to buy the output of its parent's plants.

FirstEnergy's proposed deal would have its regulated utilities, Ohio Edison, The Cleveland Electric Illuminating Co. and Toledo Edison purchase 3,244 MW of power from generation owned by its unregulated FirstEnergy Solutions unit: the Davis-Besse Nuclear Power Station in Oak Harbor, the W.H. Sammis Plant in Stratton and a portion of the output of OVEC units in Gallipolis and Madison, Ind.

In both cases, the PPAs are structured to guarantee the profitability of the generating units, which have been losing in the wholesale market to cheaper, newer natural gas plants.

Plant Sales an Option

AEP acknowledged in January that it was seeking a buyer for its merchant units in Ohio and Indiana, including the units covered by the PPA. The settlement does not prevent AEP from selling the plants, but does require any buyer to honor the PPA's terms.

"Nothing in this stipulation limits the right of AEP Ohio or its affiliates to sell any PPA unit, provided that any such sale would be made subject to the commitments made in this stipulation," according to the settlement.

"We have the right to sell those plants, but at this time we have no plans to do so," AEP Ohio spokeswoman Terri Flora said Thursday.

The settlement indicated AEP is seeking to sell its 423-MW share in the OVEC plants, however.

"AEP Ohio will continue reasonable efforts to explore divestiture of the OVEC assets, but the signatory parties agree that ongoing inclusion of the OVEC PPA in the PPA rider is not dependent upon a successful divestiture of the OVEC asset," it says.

FERC Orders MISO to Shift Electric Schedule to Aid Gas Generators

Continued from page 1

In separate orders, FERC accepted Order 809 compliance filings by SPP and CAISO. Order 809, issued in April, also added a third intraday nomination cycle. (See FERC Approves Final Rule on Gas-Electric Coordination.)

MISO Filing

MISO submitted a compliance filing in July that proposed posting day-ahead market results one hour earlier at 1 p.m. CT and the FRAC notification time two hours earlier to 5 p.m. CT. It also proposed moving its day-ahead market trading deadline one hour earlier during daylight saving time, so that the deadline would be 10 a.m. CT year-round.

The RTO also proposed reducing the day-ahead market solve time from four hours to three, saying that would meet Order 809's requirement for posting post market results "sufficiently in advance" of the evening nomination cycle to allow gas-fired generators to obtain fuel and pipeline capacity, while minimizing the impact on market participants.

MISO said the earlier publication of the day-ahead results would reduce costs by making up to 1,600 MW of longer lead notification generation capacity available. Similarly, the 5 p.m. CT FRAC notification time would allow consideration of up to 4,214 MW of longer lead notification resources.

MISO said its proposals were an effort to balance the Order 809 requirements against stakeholder preferences to maintain a day-ahead market deadline no earlier than 10 a.m. CT. Because most of its footprint operates in the Central Time Zone, MISO said, market participants use the morning hours to determine generation availability, develop forecasts and formulate bids and offers.

FERC not Persuaded

FERC said posting results ahead of the evening gas nomination cycle is not a substitute for posting in advance of the timely nomination cycle, which it said is "the most liquid time to acquire both natural gas supply and pipeline transportation capacity." MISO's proposed day-ahead notifications would overlap with the timely gas deadline, leaving generators no time to submit nominations.

The commission said MISO failed to demonstrate that moving its posting at least 30 minutes earlier "will be unduly burdensome or disrupt its markets."

While MISO said it was not currently experiencing the gas scheduling challenges faced by PJM and the Northeast markets, FERC said, it had "recognized that in the future it could have scheduling difficulties as coal-fired plants retire."

"For at least part of the year, MISO, like PJM, NYISO and ISO-NE, generally schedules its day-ahead market using Eastern Prevailing Time, which means that it has more time compared to SPP and CAISO during the morning hours to complete its day-ahead schedule in time to meet the 2 p.m. ET (1 p.m. CT) revised timely nomination cycle deadline," the commission said. "Thus, it is not apparent how requiring MISO to move its day-ahead posting deadline in advance of the timely nomination cycle places an undue burden on the staffs of MISO and its stakeholders."

The commission acknowledged that MISO's stakeholders generally prefer to purchase natural gas during its most liquid period (natural gas price certainty) over being able to obtain pipeline service during the timely nomination cycle (quantity certainty). It said MISO should work with stakeholders to reduce its market solve times further "to allow market participants to submit bids reflecting increased fuel price certainty."

MISO has 30 days to submit a new compliance filing.

SPP Change Approved

FERC, meanwhile, accepted Tariff revisions SPP submitted in August that moved the deadline for day-ahead market offers up 90 minutes to 9:30 a.m. CT (ER15-2377).

The RTO will now post day-ahead results at 2 p.m. CT, up from 4 p.m., and shorten the reoffer period to 45 minutes, with reliability unit commitment (RUC) offers due at 2:45 p.m. CT and results posted by 5:15 p.m. (See "Board Approves Gas-Electric Timeline Change" in SPP BoD/Members Committee Briefs.)

FERC said SPP had "identified characteristics on its system that justify its proposal not to publish its day-ahead market results prior to the timely nomination cycle," noting its low risk of natural gas pipeline constraints and the impact changes would have on weather forecasting for its "extensive wind resources."

The commission ordered SPP to submit an annual informational report for the next three years on its efforts to further align its gas and electric scheduling practices. SPP staff have said they can implement the changes — which will require new software — by next fall. The work is being done in conjunction with an enhanced combined-cycle project, at an estimated combined cost of $7.7 million. (See "Enhanced Combined-Cycle Project Moves Forward" in Board of Directors/Members Committee Briefs.)

No Change for CAISO

The commission also said CAISO had shown good cause why its existing day-ahead practices should not be changed (EL14-22).

CAISO's July compliance filing said its load-serving entities feared less accurate supply forecasts with an earlier start to the day-ahead market. FERC agreed, saying "moving the close of the day-ahead market earlier could reduce the accuracy of demand, hydroelectric supply and variable energy resource output forecasts."

The ISO's day-ahead market closes at 10 a.m. PT and market results are published at 1 p.m. PT.

As with SPP, the commission ordered annual informational reports on CAISO's efforts to improve coordination of gas and electric schedules.

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