



NY Utility-Solar Partnership Proposes Net Metering Overhaul

By William Opalka

New York utilities and three solar companies on Tuesday proposed a business model that they said would replace net metering and address cost-shifting concerns, a pact that could serve as a model nationally ([15-E-0751](#)).

The proposal was made in a proceeding of New York's Reforming the Energy Vision initiative.

The Solar Progress Partnership includes Central Hudson Gas & Electric, Consolidated Edison, New York State Electric and Gas, National Grid, Orange and

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Energy Bill Faces Tight Calendar, Partisan Divide in the House



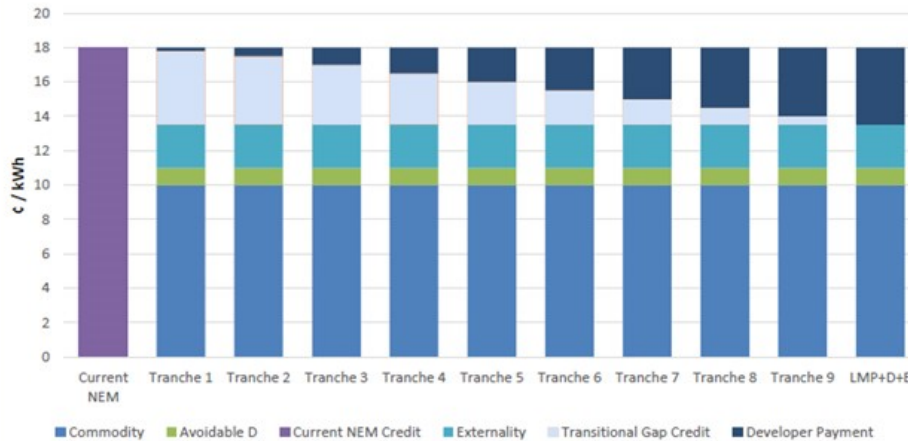
Sens. Maria Cantwell (D-Wash.), left, and Lisa Murkowski (R-Alaska)

By Rich Heidorn Jr.

WASHINGTON — The U.S. Senate overwhelmingly passed its first major energy bill in almost a decade Thursday but faces a tight calendar to reach agreement with the House, where Republicans approved their own measure with little Democratic support.

The Senate's [Energy Policy Modernization Act of 2015](#) passed 85-12, with support of all but a handful of Republicans. The House's [North American Energy Security and](#)

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Proposed solar transition to LMP+D+E Source: Solar Progress Partnership

Close Enough for Government Work? FERC Upholds Cost Allocation for Artificial Island, Bergen-Linden Projects

By Suzanne Herel

FERC on Friday approved the controversial cost allocation of two PJM projects: a stability fix for New Jersey's Artificial Island nuclear complex and the Bergen-Linden Corridor upgrade.

"The courts have recognized that no cost allocation method can perfectly assign costs to the beneficiaries of a transmission project, particularly in the case of a transmission grid," FERC said in its 3-1 order approving the Artificial Island

allocation proposal ([EL15-95](#), [ER15-2563](#)). "The commission found that where a cost allocation method is accurate in a very high percentage of circumstances to which it applies, then that is a strong indicator that the cost allocation method is just and reasonable."

Commissioner Cheryl LaFleur dissented, saying, "The record in this case clearly establishes that there is a discrete and identifiable set of transmission projects as to which [the distribution factor cost

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Last Pipeline Standing?

Prospects for two natural gas pipelines dimmed last week, leaving Algonquin's Access Northeast as the project most likely to bring additional gas capacity to New England.

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Energy Bill Faces Tight Calendar, Partisan Divide in the House

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Infrastructure Act cleared 249-170 in December with support from only three Democrats.

President Obama has threatened to veto the House bill but expressed support for most of the Senate provisions.

House Energy and Commerce Committee Chairman Fred Upton (R-Mich.) said he hopes to craft a compromise that can clear both houses and win Obama's approval.

Senate Energy Committee Chair Lisa Murkowski (R-Alaska) acknowledged some House Republicans won't be pleased that the Senate bill permanently authorized the Land and Water Conservation Fund and did not end the controversial Department of Energy loan guarantee program.

"My hope is that the House takes a look at the strong vote over here," she said in a press conference with the committee's top Democrat, Sen. Maria Cantwell (D-Wash.), after the vote. "I think we have demonstrated, with the process that we have used here on the Senate side ... we can work through issues. [The] calendar is a little more challenging," she added, noting that a formal conference committee would require that both houses be in session at the same time.

Cantwell praised Murkowski's stewardship of the bill. "Because of her willingness to work in a bipartisan fashion — have an open amendment process in the committee and on the floor and consider so many pieces of legislation by our colleagues — I think that was what the success in today's resounding vote is about."

The 424-page Senate bill authorizes increased spending on energy research, improves cybersecurity protections and encourages more efficient buildings and vehicles. It also adds taxpayer protections to the loan guarantee program and streamlines federal approvals of electric transmission, pipeline, hydropower and LNG facilities.

Compromises

The bill won broad support by largely sidestepping polarizing issues such as climate change and oil and gas production. Nevertheless, there were some provisions that displeased environmentalists,

including its support for accelerated approval of LNG export terminals.

And although it won the backing of the U.S. Chamber of Commerce, the conservative Heritage Foundation decried it as a "continuation of government meddling in the energy economy."

Below is a summary of the provisions of interest to electric industry stakeholders. Bill sections are identified in parentheses.

Efficiency

Buildings



EPA's Kansas City Science & Technology Center, an example of a federal green building.

Noting that the federal government is the single largest energy consumer in the country, the bill directs the head of each federal agency to reduce their building energy intensity by 2.5% annually through fiscal year 2025 (1017).

It also requires the Secretary of Energy to revise federal building energy efficiency performance standards (1016); develop an efficiency metric for data centers (1011); and support the updating of energy efficiency provisions in model building codes (1001).

The bill encourages federal agencies to implement energy and water conservation measures (1006) and extends the maximum length of utility energy service contracts from 10 to 25 years (1005).

It repeals the requirement that new federal buildings and those undergoing major renovations phase out fossil fuel-generated energy consumption by 2030 (1015).

The legislation also blocks a final rule establishing a condensing furnace efficiency standard absent a finding by an advisory group convened by the Energy Secretary

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Board of Directors Briefs

IMM Says Negative Prices Now 'the Exception'

AUSTIN, Texas — ERCOT's Independent Market Monitor said last week that negative prices are becoming less frequent and that they have virtually no impact on average energy prices, despite media attention given to them.

Steve Reedy, the IMM's deputy director, told the Board of Directors during his regular update that while negative prices "are not a problem, they're certainly something as an economist that interest me."

Reedy said the Monitor saw "significant amounts" of negative pricing in ERCOT's West zone — where most of the ISO's 15,764 MW of wind capacity resides — during the first year of the nodal market, which went live in 2010. The completion of the \$6.8 billion, 3,600-mile Competitive Renewable Energy Zone (CREZ) transmission buildout in February 2014 resolved most of the congestion issues.

"For the most part, we've seen [those prices] go away," Reedy said. "We still have negative prices, but rather than being the norm early in the nodal market and in the zonal market, it's now the exception."

Reedy expressed mild frustration that a September Slate article detailing prices reaching as low as -\$8.52/MWh led to a flurry of additional press coverage. He said the Sept. 13 event was typical of wind energy being offered into the market at off-peak hours.

Testing his hypothesis, Reedy asked Monitor staff to calculate negative prices' effect on the ERCOT market by replacing every negative price with a zero.

The end result? An energy-weighted price of \$26.78/MWh for 2015, virtually identical to the \$26.77 average including the negative prices.

"It's a late-night, early-morning phenomenon. It's not an example of the CREZ being used up," Reedy said. "It's driven a lot of press, but it's not had a major effect on the price."

Texas Public Utility Commissioner Ken Anderson asked whether ERCOT would be seeing the same behavior without the federal production tax credit, which is

worth \$23/MWh. "No, I don't think that would be the case without the PTC," Reedy told the commissioner.

"We've seen over the last five years that the west export capacity, due to CREZ, has expanded significantly," he said. "Even with the growth of wind energy, we rarely get that crossover where [we end up with negative prices]."

Asked what was causing the low-priced energy, Reedy could only reply with anecdotal evidence, suggesting that some coal generators might be running overnight to reduce their fuel stockpiles, and that other market participants might be running units overnight to eliminate start-up risks.

Reedy also discussed the operating reserve demand curve (ORDC), a price adder created to reflect the value of reserves during high-load periods. ERCOT staff proposed revisions to the ORDC in a white paper earlier this year, following Anderson's call for a PUC review of it and its methodology. (See "State Regulators Seeking Answers to Summer Incident," ERCOT: No Consensus on Operating Reserve Changes.)

Texas regulators are considering whether to artificially raise wholesale power prices, as ERCOT is seeing prices at 14-year lows. The PUCT met April 14 to consider the issue and will again discuss the topic May 4. Commission staff has issued a memo summarizing comments it has received from market participants.

Board Easily Passes LOC Revision

The board approved the Technical Advisory Committee's recommended parameters for payments of lost opportunity costs to generators ordered to ramp down for grid reliability, with just two opposing votes and no discussion.

"No questions?" board Chair Craven Crowell asked the members, surveying the room. Addressing TAC Chair Randa Stephenson, he said, "Sounds like you did a good job on it then."

"We worked hard," Stephenson responded.

The board had remanded Nodal Protocol Revision Request (NPRR) 649 back to the

TAC at its February meeting. Last month, the committee was able to reach agreement on one of three options, amending the language to reflect comments it received from the board. (See ERCOT Stakeholders Agree on Lost Opportunity Costs Rule.)

The Texas Office of Public Utility Counsel's Tonya Baer (Residential Consumers) and the City of Dallas' Nick Fehrenbach (Commercial Consumers) cast the two negative votes.

Stephenson, of the Lower Colorado River Authority, said the request's original impact analysis of \$100,000 to \$150,000 had been reduced to the \$50,000-\$75,000 range, assuming high-dispatch limit (HDL) overrides remain at current levels. She said ERCOT has revised its procedures since Odessa-Ector Power Partners claimed its combined cycle plant had lost \$300,000 because of three days of HDL overrides in November 2012 and only one HDL since last May.

"We anticipate costs to the load ... when this does occur [again], it will be an uplift," Stephenson said. She said the TAC will continue to monitor and report back on any uplifts.

The board also approved NPRR 745, which changes the emergency response service's availability from an hourly to 15-minute interval evaluation and makes other minor changes.

ERCOT Net Above Budget, Despite Mild Weather

ERCOT CEO Bill Magness told the board that 2016's net revenues are \$1.8 million above expected, despite system administration fees being \$1.7 million under budget due to mild weather conditions. Timing differences kept spending \$3.1 million under budget, he said in his report.

Pointing to an overhead screen filled with maps of Texas, Magness said, "That's five different ways up there of saying it's warm. The basic story is, we did have a pretty



Anderson



CEO Bill Magness addresses the board.
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ERCOT NEWS



Board of Directors Briefs

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warm, pretty dry winter.”

Magness also reported that staff is testing an upgrade to ERCOT’s energy management system, which could go live as early as May 26. He noted the EMS is just one of several software systems scheduled to go live this year.

The CEO also mentioned ERCOT’s creation of the Grid Resilience Working Group, which will assess low-probability but “potentially high-impact” risks to the ISO’s system. Its first meeting is scheduled for April 26.

Bermudez, NPRRs Approved

The board re-elected unaffiliated Director Jorge Bermudez to a third and final term. His second term expires in June.

It also unanimously approved seven NPRRs and one change-request on its consent agenda:

- NPRR 741: Clarifications to estimated aggregate liability (EAL) and total potential exposure (TPE) credit exposure calculations.
- NPRR 744: Reliability unit commitment trigger for the reliability deployment price adder and alignment with RUC settlement.
- NPRR 746: Adjustments due to negative load.

- NPRR 748: Revisions associated with NERC reliability standard COM-002-4 and other clarifications associated with dispatch instructions.
- NPRR 749: Requires ERCOT to publish the cost of options for all outstanding congestion revenue rights within the CRR auction process.
- NPRR 750: Clarifies the practice for setting telemetry when providing fast-responding regulation service.
- SCR 787: Changes the net-dependable capability and reactive capability (NDCRC) application to provide historical generator information to all associated resource entities.

– Tom Kleckner



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Kinder Morgan Suspends Northeast Energy Direct Pipeline

By William Opalka

Kinder Morgan said Wednesday it has suspended work on the Northeast Energy Direct pipeline, citing an uncertain regulatory climate and a lack of commitments from New England power generators to reserve capacity.

The \$3.3 billion project, being developed by subsidiary Tennessee Gas Pipeline, was to deliver shale gas from Pennsylvania into New York, with a line also running through Massachusetts and New Hampshire. The Kinder Morgan board approved the project last summer and it sought federal approval late last year. (See [Northeast Energy Direct Files for FERC Certificate](#).)

"The board's initial approval was based on existing contractual commitments at the time by local gas distribution companies to purchase natural gas from the project, as well as expected commitments from additional LDCs, electric distribution

companies and other market participants in New England," the company said in a statement. "Unfortunately, despite working for more than two years and expending substantial shareholder resources, TGP did not receive the additional commitments it expected. As a result, there are currently neither sufficient volumes, nor a reasonable expectation of securing them, to proceed with the project as it is currently configured."

The company conducted an open season last year to engage potential customers and received commitments for only 751,650 dekatherms per day of the pipeline's 1.3 million dekatherms per day capacity.

A controversial aspect of the project, and that of another proposed pipeline, Access Northeast, is the proposal to have EDC ratepayers foot some of the project costs through their utility bills. (See [Massachusetts Regulators Endorse Pipeline Contracts](#).) Massachusetts Attorney General Maura Healey has opposed the move, and

similar proposals in other New England states have yet to be enacted.

"The New England states have not yet established regulatory procedures to facilitate binding EDC commitments, that the process in each state for establishing such procedures is open-ended and that the ultimate success of those processes is not assured," Kinder Morgan added in its statement.

Project opponents were elated.

"It's a rare thing to see a fossil fuel company admit there simply isn't enough need for what they're selling," Conservation Law Foundation President Bradley Campbell said. "It is increasingly apparent that free market forces are rapidly driving us toward a clean energy future, and today's decision by Kinder Morgan is a telling sign of things to come. Our environment, our economy and the health of our communities depend on continuing to see fossil fuels out the door."

FERC to Consider Electric Utility Purchases of Gas Pipeline Capacity

By William Opalka

FERC will convene a technical conference May 9 to consider a proposal by New England officials that electric utilities purchase natural gas pipeline capacity (RP16-618).

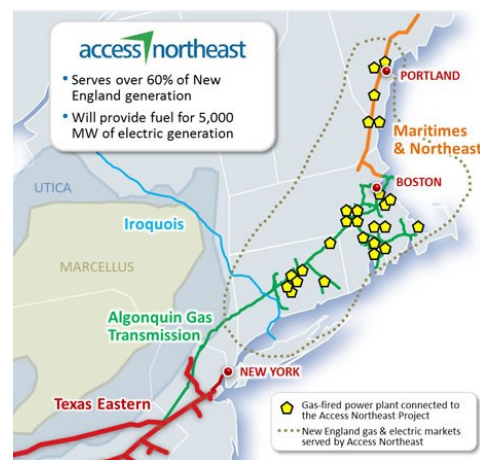
The commission said the conference would examine issues raised by Algonquin Gas Transmission's Feb. 19 [petition](#) asking FERC to allow exemptions from its capacity release bidding requirements. The proposed changes to the company's tariff would permit "prearranged releases" of firm capacity to utilities or generation owners. Algonquin, a unit of Spectra Energy, owns a network of pipelines in the Northeast that it is proposing to expand.

"Such tariff modifications are consistent with the commission's current policy of exempting releases pursuant to state-regulated retail access programs of natural gas local distribution companies from bidding requirements," Algonquin wrote. The company said the exemption is needed to increase the supply of available gas in periods of high demand.

Generators have protested the petition, saying the exemption would distort the secondary market for natural gas and depress electricity prices. Other protests note that "state-regulated electric reliability programs" referenced by Algonquin either do not yet exist or are on shaky legal ground. A plan by Massachusetts regulators that would allow electric distribution companies to recover costs from ratepayers was challenged by the attorney general and is before that state's Supreme Judicial Court.

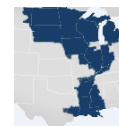
Kinder Morgan last week scrapped plans to develop a major pipeline into New England to help supply natural gas-fired power plants, citing a lack of commitments from electric generators due to regulatory uncertainty over their cost recovery. (See related story, [Kinder Morgan Suspends Northeast Energy Direct Pipeline](#), above.)

The cancellation of Kinder Morgan's project, and New York regulators' decision last week to deny an environmental permit to the proposed Constitution Pipeline, may improve the fortunes of a third major



pipeline expansion into New England, Algonquin Gas Transmission's Access Northeast project. (See related story, [New York Rejects Constitution Pipeline](#), p. 13.)

Two electric utilities, Eversource Energy and National Grid, own a combined 60% of the project, which would provide fuel for 5,000 MW of generation. Spectra Energy's Algonquin Gas Transmission owns the remaining 40%. (See [Algonquin Submits Pre-Filing Request for Access Northeast Pipeline](#).)



FERC Orders Changes to MISO-PJM Interregional Planning

Acts in Response to NIPSCO Complaint

By Suzanne Herel

FERC last week ordered MISO and PJM to make changes in their interregional transmission planning process, granting in part a 2013 complaint by Northern Indiana Public Service Co. (EL13-88).

NIPSCO, which operates on the seams of the RTOs, pointed to “significant congestion costs [and] operating issues” along the seam and noted that no transmission project had ever been approved under the RTOs’ joint operating agreement.

The company said that although market-to-market redispatch had helped day-to-day operations, the RTOs had not developed solutions to long-standing congested flowgates. It proposed several changes that it said would incent cross-border transmission projects. (See [FERC Considering NIPSCO Proposals on PJM-MISO Seam](#).)

First, it recommended the RTOs run their cross-border transmission planning process at the same time as their regional transmission planning cycles, rather than after them.

FERC said it agreed with NIPSCO that the

existing open-ended planning process can delay the “identification, analysis and potential approval of beneficial interregional economic transmission projects.”

The commission gave MISO and PJM 60 days to revise the JOA “to include timely, specific deadlines for each step in the coordinated system plan study process” and establish a deadline for how much time it should take from proposal to approval.

“We also find that ... it is unclear how the coordinated system plan study in the JOA interacts and aligns with the [MISO Transmission Expansion Plan] and the [PJM Regional Transmission Expansion Plan],” FERC ruled. “A clear process laid out in the JOA may resolve these disagreements and help provide a consistent understanding of the process for all stakeholders.”

FERC denied NIPSCO’s request that the MTEP, RTEP and JOA processes follow a common timeline. But it asked MISO and PJM to submit an informational filing within 120 days describing how it could do so and what impacts that would have on the RTOs’ planning process as well as interregional coordination with neighboring regions.

The commission also denied NIPSCO’s suggestion that MISO and PJM be required to conduct a coordinated system planning

study on a regular basis. Requiring that “even when the RTOs’ annual review of transmission issues finds it unnecessary would not be an efficient use of MISO’s, PJM’s and stakeholders’ time and resources,” FERC said.

NIPSCO also recommended that the RTOs develop a single model using the same assumptions in the cross-border transmission process. FERC rejected that suggestion but directed MISO and PJM to “explore the potential use of a joint model with the same assumptions and criteria” and submit an informational report on the issue.

Finally, NIPSCO asked that the RTOs use a common set of criteria in evaluating cross-border efficiency projects.

FERC agreed with NIPSCO that the current cost and voltage thresholds can remove from consideration certain projects that could benefit both regions. It ordered MISO to reduce its minimum voltage threshold for interregional economic transmission projects from 345 kV to 100 kV and eliminate the \$5 million cost threshold for such projects. (See [PJM, MISO to Scrap \\$20M Threshold for Joint Tx Projects](#).)

It also ordered the removal of the requirement for a third, separate benefit-cost analysis for the combined regions.

NIPSCO Settlement with Indiana Wind Farms Wins OK

FERC approved an uncontested partial settlement between Northern Indiana Public Service Co. and the owners of seven Indiana wind farms that contend the utility overcharged them for transmission upgrades.

The April 21 order (EL14-66-003) resolves issues related to NIPSCO’s 138-kV transmission upgrade funded by the Meadow Lake and Fowler Ridge wind farms. Under the settlement, the utility will pay \$400,000 to Meadow Lake and \$450,000 to Fowler Ridge to withdraw their complaint.

E.ON Climate & Renewables North America filed the original complaint against NIPSCO in 2014, objecting to the multiplier rate used in two transmission upgrade agreements with its Pioneer Trail and Settlers Trail wind farms. FERC later that year ruled that the multiplier was

unreasonable and instructed the two companies to enter into settlement proceedings to determine a new rate (EL14-66).

Meadow Lake and Fowler Ridge filed a similar action after the ruling. NIPSCO charged their facilities and several other wind farm owners \$35.8 million to cover 35 years of operating costs on top of the \$50.4 million to build transmission. (See [NIPSCO Blows Back at Wind Farm Complaints](#).)

FERC’s acceptance of the partial settlement also closes out Meadow Lake and Fowler



Meadow Lake wind farm Source: EDP Renewables

Ridge’s request for rehearing in E.ON’s complaint (EL14-66-002).

— Amanda Durish Cook



MISO, SPP Disagree on 2016 Joint Study

By Amanda Durish Cook

MISO staff are recommending that two joint MISO-SPP committees not develop a coordinated system plan study this year, advising the groups to instead focus on improving their processes.

“MISO is hoping to focus on improving the process for coordinated studies prior to embarking on our next study,” MISO spokesperson Andy Schonert said following last week’s Planning Advisory Committee meeting. He said MISO wants to “take a step back” before proceeding.

MISO said it would review stakeholder input on the recommendation before putting the issue to a final vote.

SPP’s Seams Steering Committee voted earlier this month in favor of producing a coordinated study after discussion with representatives from the RTOs’ Interregional Planning Stakeholder Advisory Committee.

“The overwhelming consensus was that there is sufficient justification to undertake another joint study between the RTOs while concurrently working to implement process improvements,” said David Kelley, SPP’s director of interregional relations.

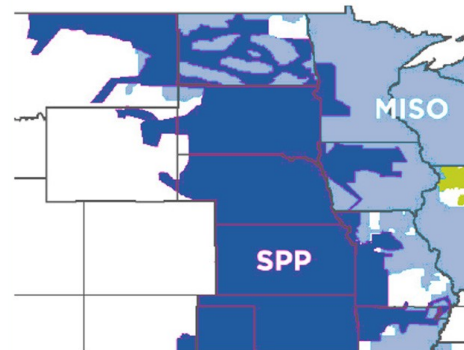
Schonert said MISO and its stakeholders

want another year to align the effort with MISO’s modeling and transmission planning timeline. The RTO also wants any joint study to encompass broader metrics, such as adjusted production costs. He said MISO is committed to learning why proposed projects are not passing interregional reviews and is seeking possible development of a “standalone” interregional process, which would bypass the “triple hurdle” of individual and joint RTO approval procedures.

If just one RTO votes to perform the joint study, the subject is put off until the annual issues review the following year, according to Eric Thoms, MISO manager of planning coordination and strategy.

However, the study will be approved if one RTO votes in favor for three consecutive years — regardless of the position of the second RTO. A first joint study in 2015 failed to recommend any interregional projects, and MISO and SPP met in March for an annual issues review to discuss improving the process. (See [MISO, SPP Considering Second Joint Tx Study](#).)

Thoms said MISO’s current issues with SPP do not warrant a joint study. He pointed out that the new seam along the Integrated System in North Dakota and South Dakota is being monitored, transfer limits between MISO North and MISO South are in place,



SPP’s seams with MISO Source: ACES

and congestion has not changed substantially from the 2015 joint study. More historical data is needed before MISO and SPP can identify the persistent levels of market-to-market flowgate congestion, he said.

“This does not mean that we stop monitoring issues or are not open to future studies as we learn more,” said Jesse Moser, MISO manager of infrastructure studies. “Just because we don’t do a study doesn’t mean we stop working with stakeholders on these issues.”

If MISO staff’s recommendation against a study is upheld through a PAC motion, the next opportunity to reconsider would follow the annual issues review in early 2017, Thoms said. If a pressing issue does arise, the two RTOs could scope out a study before the first quarter of 2017, he said.

MISO Queue Changes on Hold Pending Technical Conference

MISO is postponing a second attempt at changing its generator interconnection queue rules while it assesses FERC feedback and awaits input from a commission technical conference next month.

The RTO will participate in the conference, set for May 13 ([RM16-12](#), [RM15-21](#)).

“MISO still believes that reforms to the interconnection queue process are necessary to adapt to a rapidly evolving generation fleet, and we look forward to further discussions with FERC and stakeholders to move this process forward,” the RTO said in an update to the Planning Advisory Committee. (See [MISO Unveils Queue Rule Transition as Wind Advocates Seek Delay](#).)

FERC last month rejected MISO’s proposed queue changes, saying they assumed the current backlog could be blamed on “speculative” projects and “fail[ed] to consider other potential factors” ([ER16-675](#)). Those factors included the timeliness of MISO’s queue processing and its coordination with neighboring RTOs. The commission also said a proposed milestone payment could create

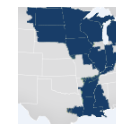
barriers to entry for smaller developers.

“We’re free to file again, anytime we want, but we have to address the concerns FERC has,” said Tim Aliff, MISO director of interconnection and planning.

Aliff said MISO’s Interconnection Process Task Force will survey stakeholders to determine which parts of the queue plan are salvageable. He also said some new processes — such as providing interconnection customers with models ahead of the queue entrance — might be included.

MISO also is planning a filing to comply with a FERC order requiring the RTO to charge uniform milestone payments to all external, internal and existing customers. (See [FERC Orders MISO to Charge Uniform Interconnection Fees](#).) Aliff said that filing will be made separately from the revised queue filing.

— Amanda Durish Cook



Planning Advisory Committees Briefs

Coldwater to Get a Line – Not a Loop – in Expedited Project Review

MISO is recommending that Michigan Electric Transmission Co. (METC) construct a portion of a proposed transmission line intended to upgrade supply for Coldwater, Mich., while rejecting expedited review for a broader proposal.

The RTO is backing a portion of the proposed \$65 million Coldwater load interconnection project that would provide the city an additional 18 MW of supply capability by 2017 via a 138-kV tap from an existing METC line. Parent company ITC Holdings sought expedited review of a larger project that would have included an additional 18 MW of capacity by 2021. (See “MISO Receives 1st Expedited Review Request,” [MISO Planning Advisory Committee Briefs](#).)

MISO said it agreed with stakeholders at the Technical Study Task Force, which reviewed the project in March, that only the improvements necessary to manage Coldwater’s 2017 incremental load required expedited treatment. Less pressing work to meet the 2021 goal would be relegated to the MISO 2016 Transmission Expansion Plan.

Of Coldwater’s total load of 88 MW, 65 MW



Source: MISO

is currently supplied through a single 4.5-mile 138-kV transmission circuit, Thompson Adu, MISO senior manager of transmission expansion planning, told the Planning Advisory Committee last week. New industrial load is expected to push that total to more than 120 MW by 2026.

METC’s proposed radial supply line would carry 83 MW when completed, Adu said.

MISO Adds Tariff Provisions for Identical Market Participant-Funded Projects

MISO has revised its Tariff to comply with a December FERC order requiring a first-come, first-served selection procedure when more than one market participant proposes to fund the same transmission projects.

The process set out in the Tariff will mirror that already represented in a MISO business practices manual.

The issue was brought to light last year when Boston Energy Trading and Marketing and J. Aron & Co. both proposed to fund Ameren Illinois’ Effingham-Effingham NW 138-kV line in Illinois at an estimated cost of more than \$1 million.

Boston Energy filed a complaint saying that MISO tried to force it to partner with J. Aron on the project based on language in a BPM but that it lacked Tariff authority to do so.

FERC sided with Boston Energy, saying MISO’s Tariff was unjust and unreasonable because it lacked provisions for processing market participant-funded transmission projects ([EL15-89](#)). The commission required new Tariff language that addresses how the RTO “will handle multiple, similar requests for market participant funding of a

transmission upgrade.”

The Tariff revisions will mirror BPM language already vetted by the PAC. Adu said the new language will be filed with the commission by the June 20 compliance deadline.

MISO Order 1000 Compliance

MISO is nearing completion of its Order 1000 interregional compliance obligations, said Eric Thoms, the RTO’s manager of planning coordination and strategy.

FERC accepted MISO’s compliance filings with both SPP and Southeastern Regional Transmission Planning, while seeking clarification on cost allocation, interconnection projects and ownership rights in its joint filing with PJM ([ER13-1944-001, et al.](#)).

Meanwhile, MISO continues to pursue interregional efforts with its neighbors. At present, 14 projects near the MISO-SPP seam are being considered in MTEP16.

MISO and PJM have begun searching for “low-cost, quick-implementation upgrades” as part of their 2016 quick hits study process. Thoms said there was “value” in the quick hits studies, but the process needs to be formalized to reflect cost allocation.

“If we’re looking at low-hanging fruit ... there’s no need for” multiple regional approval processes, he said.

MISO and PJM have also completed two targeted studies from 2015 on the Michigan-Indiana and Quad Cities interfaces.

“We’ll continue to monitor this issue,” Thoms said.

— Amanda Durish Cook

“If we’re looking at low-hanging fruit ... there’s no need for” multiple regional approval processes.

Eric Thoms, MISO manager of planning coordination and strategy



Planning Subcommittee Briefs

Energy Storage Prompts 2nd Transmission Alternative Category

Advancements in energy storage are prompting MISO to expand its definition of non-transmission alternatives to include a new category: non-traditional transmission alternatives.

Storage behaves like transmission in several ways, Matt Tackett, MISO principal, told the Planning Subcommittee during an April 19 meeting.

“We started to realize that we’re struggling because we’re trying to make this thing too broad,” Tackett said. “We need to compartmentalize. Trying to force everything into one bucket is counterproductive.”

Non-transmission planning work is still in a “conceptual stage,” and a storage battery could be categorized as either a non-transmission alternative or a non-traditional alternative depending on how it solves a transmission issue.

MISO will seek stakeholder feedback on the issue until May 20. (See “MISO: More Time Needed to Refine Non-Transmission Alternatives Process,” [MISO Planning Subcommittee Briefs](#).)

MISO to Revise Transmission Service Requests for Pseudo-Ties

MISO plans to revise the requirements for pseudo-tied resources to prevent them from generating without transmission rights, said Ankit Pahwa, MISO senior transmission planning engineer.

Pahwa said MISO is concerned that pseudo-tied resources might let their transmission rights expire while continuing to import or export power. The RTO is proposing to add language to transmission service requests specifying that transmission rights be firm, point-to-point and maintained for the life of a pseudo-tie.

“What we’re saying is you have to maintain that transmission right to continue pseudo-tying out of MISO,” Pahwa said.

Additionally, MISO is considering performing system impact studies for all such transmission service requests. The

RTO currently performs such studies only for pseudo-ties lasting longer than 18 months.

The proposed changes are part of a recent Planning Advisory Committee directive to “appropriately capture pseudo-tie impacts to MISO’s transmission system.”

MISO Questions Need for Transient Stability Analyses in MTEP

A new MISO white paper questions the need for completing a yearly long-term transient stability analysis as part of MISO’s Transmission Expansion Planning (MTEP) process.

The analysis models the dynamics and power flow of the entire system to provide insight into how the grid can return to stability after a significant disturbance, such as the loss of a generator.

A 10-year study during each planning cycle would satisfy NERC and MISO’s long-term planning horizon requirements, but MISO is wondering if it is necessary.

“The question is: Do you or do you not have to run the 10-year-out summer peak transient stability study?” Pat Jehring, of MISO’s planning expansion department, asked stakeholders.

According to Jehring, the RTO could conduct a long-term study using a broad approach — where the scope is widened to include all modeling changes and how they

could affect the system — or a narrower interpretation of such changes. Jehring said MISO took the narrower approach with MTEP15 to save time. The RTO might now follow the broader option for MTEP16, with the analysis accounting for the impact of transmission, load changes and dispatch changes on the system.

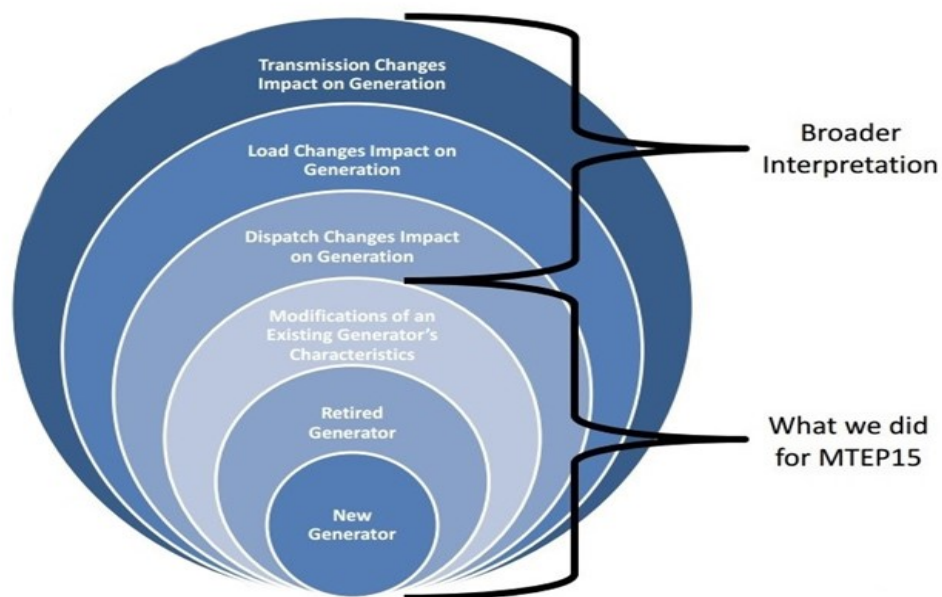
Jehring said transmission owners have varying opinions about whether a long-term transient stability analysis would be needed for every MTEP.

Will Kenney, also with the planning expansion department, provided insight into the preliminary MTEP16 voltage stability scope, which identifies future reliability risks to MISO’s system.

Kenney said the MTEP16 scope will model a 2021 summer power flow and a shoulder power flow that assumes a 40% wind power contribution. The RTO will evaluate eight transfer paths during the 2021 summer peak, adding new analysis on the impact of eastbound transfers from Ameren Missouri and Ameren Illinois that sink in American Electric Power’s territory. Analysis of the U.S.-Canada interface will model a winter peak to examine transfers from Manitoba to the U.S. portion of MISO North.

The full scope of the voltage study will be presented at June’s Planning Subcommittee meeting, according to Kenney. The project should be completed in time for the board’s approval of the MTEP in December, he said.

— Amanda Durish Cook



Long-term MTEP study scope Source: MISO



Spring Cleaning: FERC Issues 4 Rulings on MISO Revenue Sufficiency Guarantee

By Amanda Durish Cook

FERC on Thursday cleared a backlog of disputes over MISO’s revenue sufficiency guarantee (RSG), issuing a quartet of orders in dockets dating back to 2009 concerning intermittent resources, headroom, cost allocation and resettlement procedures.

The commission:

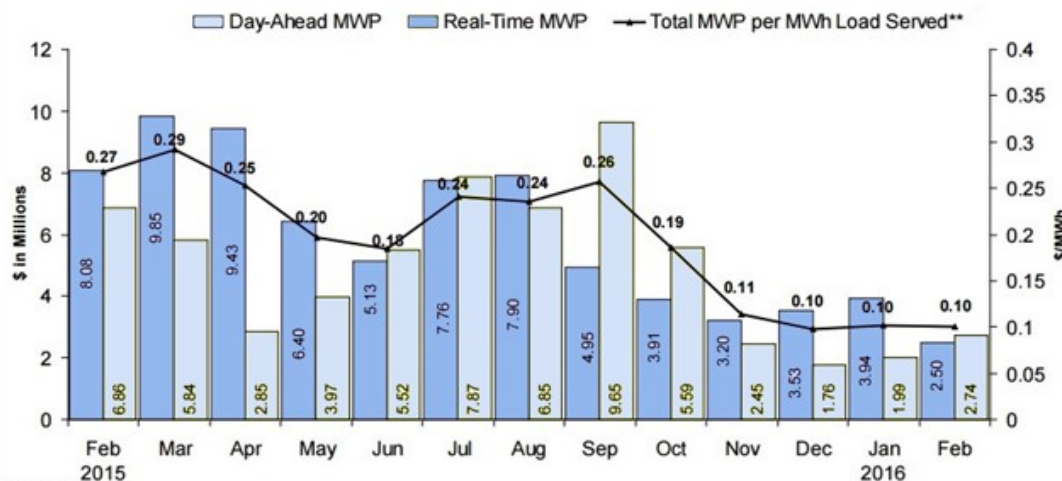
- Exempted intermittent resources from RSG charges when they respond to MISO curtailment orders (ER11-2275-003) but refused to rehear arguments that such resources should be exempt from RSG charges altogether (ER09-411-005);
- Upheld MISO’s continued use of a real-time headroom definition in its allocation of RSG charges (ER11-2275-002); and
- Refused to rehear arguments about MISO’s RSG assessments on MISO customers making both virtual supply offers and electricity withdrawals (ELO7-86-012, et al.).

Generation or demand response resources receive RSG payments if they are committed through the reliability assessment commitment (RAC) process after the close of the day-ahead markets and they receive insufficient real-time energy and operating reserve revenues to cover its production costs.

Intermittent Resources

FERC’s order exempting curtailed intermittent resources from RSG charges was made effective July 2, 2011, rather than the May 2011 date sought by renewable generators. E.ON Climate and Renewables North America and NextEra Energy Power Marketing protested the later date, saying it subjected them to extra months of revenue sufficiency guarantee charges for “no just reason.”

FERC ruled the extra 60 days were reasonable because MISO needed extra time to adjust its systems and procedures to



Day-ahead and real-time revenue sufficiency guarantee Source: MISO

incorporate the exemption.

In the second case, the commission reiterated a compliance order rejecting a request to exempt intermittent resources from all RSG charges.

The commission cited an “extensive record” documenting that “increases and decreases in the real-time output of intermittent resources, as well as the reduced forecasts or unavailability of such resources, may cause real-time revenue sufficiency guarantee costs.”

FERC said the rehearing requests from more than 15 companies only repeated arguments it previously rejected and that exempting intermittent resources from RSG charges “would unfairly shift costs to other market participants.”

The companies had claimed MISO’s Independent Market Monitor overstated intermittent resources’ contributions to the make-whole costs and a MISO analysis didn’t take into account several intermittent characteristics, including transmission rates, grandfathered transmission agreements, system topology and changes in loop flows.

FERC said that while it recognized changes between thermal and intermittent resources, the differences didn’t warrant an exemption.

Headroom Definition

In a third ruling, FERC upheld MISO’s definition of real-time headroom – the

difference between the real-time economic maximum dispatch and real-time dispatch targets for resources – in its allocation of RSG charges.

Under methodology proposed by MISO and accepted by FERC in 2011, the headroom charge was calculated based on the lesser of headroom or the aggregate of the hourly economic maximum dispatch amounts of all resources committed in any RAC process. In the Thursday order, FERC clarified that the headroom definition isn’t limited to intra-day RAC commitments and includes commitments made in MISO’s forward RAC process.

MISO’s Transmission-Dependent Utilities sector had said MISO’s headroom cap should be eliminated or limited to include only headroom contributed by resources committed in the intra-day RAC. The commission said the forward reliability assessment commitment process is part of the real-time commitment process, and therefore should be included.

A group of six financial marketers said FERC headroom costs should be allocated to all market participants based on market load ratio, rather than assessed on virtual offers and deviations. FERC responded that headroom allocations are already based on market load share.

The order also upheld MISO’s allocation of exempted deviations, which were challenged by Westar Energy on the basis

Continued on page 11



FERC Denies Occidental's PURPA Complaints

By Michael Brooks

FERC last week denied Occidental Chemical on three fronts in the company's battle against MISO and Entergy's treatment of qualifying facilities.



The commission dismissed a 2013 complaint by the Dallas-based chemical manufacturer that claimed MISO's treatment of QFs violated the Public Utility Regulatory Policies Act ([EL13-41](#)). Occidental argued that MISO's plan to integrate QFs in Entergy's territory would strip them of their rights under PURPA, as the law assumes that they do not have access to wholesale markets.

This plan was detailed in a document titled "Qualifying Facilities Generator Readiness for MISO Reliability Coordination and Market Integration," which was circulated at informational meetings with QFs. It included two options for QF participation, one of which was labeled the "hybrid option." Under this option, a QF is allowed to submit offers or self-schedule in both the day-ahead and real-time markets up to its maximum capacity. MISO said that by using financial schedules, which Entergy would be required to agree to, QFs would be able to maintain their right to sell at the avoided

cost rate, pursuant to PURPA.

Occidental argued that the hybrid option would prevent QFs from exercising their right to sell as-available energy under PURPA. The company also argued that MISO should have been required to seek FERC approval for its integration plan.

The commission was unpersuaded by Occidental's arguments.

"In this instance, registration under the hybrid option allows QFs to participate in the MISO market, while continuing to exercise their rights pursuant to PURPA," FERC said. "We find that the use of financial schedules in conjunction with the hybrid option preserves a QF's right to provide as-available energy."

Complaint Against LSPC

While its complaint against MISO was pending before the commission, Occidental filed a complaint against the Louisiana Public Service Commission in February 2014. Occidental protested that the PSC had essentially adopted MISO's QF integration plan.

FERC declined to take action on the PSC complaint while Occidental's MISO complaint was still pending. In response, the company sued Entergy and the PSC in federal district court, which stayed the proceeding until FERC reached a decision in

the MISO complaint. Occidental appealed, and in January the 5th U.S. Circuit Court of Appeals overturned that decision, noting that it could take years before FERC reached a decision. It ordered the lower court to give FERC 180 days to resolve the MISO complaint; if FERC had not reached a decision, the court could proceed with the suit ([15-301](#)).

With the MISO complaint settled, FERC subsequently issued a notice of intent not to act on the PSC complaint ([EL14-28](#)).

Rehearing Denied

Finally, FERC denied a rehearing request from Occidental regarding its order waiving the requirement for Entergy to sign power purchase agreements with QFs that have capacities over 20 MW ([QM14-3](#)). (See [FERC: Entergy not Required to Buy from Large QFs](#).)

Occidental argued that the commission ignored evidence showing that MISO's integration plan would deny its Taft QF, located at its Hahnville, La., chemical plant, nondiscriminatory access to the RTO's markets.

But FERC noted its decision upholding MISO's plan. "Given this finding, Occidental's argument in the instant case that it lacks nondiscriminatory access to the MISO markets based on the MISO QF integration plan is moot," it said.

Spring Cleaning: FERC Issues 4 Rulings on MISO Revenue Sufficiency Guarantee

Continued from page 10

that too many costs are allocated to deviations than to load.

FERC brushed the complaint aside. "As the commission has stated in previous revenue sufficiency guarantee charge proceedings, there is no such thing as an ideal and static proportion of costs that should be allocated to any activity. Rather, a reasonable allocation is one that reflects cost causation principles," FERC said.

Virtual Offers

In the final order, FERC refused to rehear

arguments about flaws in RSG proceedings first brought up nine years ago. In 2007, Ameren, Northern Indiana Public Service Co. and eight other utilities alleged discrimination in MISO's RSG rate because it was assessed on only a subgroup of MISO customers making both virtual supply offers and electricity withdrawals. MISO was directed to modify its Tariff so the RSG applied to all cleared virtual supply offers. The RTO then began stakeholder discussions on refunds and resettlement for the period of Nov. 5, 2007, to Nov. 9, 2008.

Several companies requested rehearing on the matter. Tenaska Power Services wanted FERC to order MISO to issue refunds with interest. Seven financial marketers asked

for MISO's RSG to be recalculated by adding exempted deviations back into the formula. The bulk of the requests claimed that MISO didn't hold any stakeholder meetings on the resettlement.

FERC refused all rehearing requests, saying the issues in the case were "strictly limited to the compliance requirements" and the companies' requests were beyond the scope of the order.

"The resettlement process undertaken by MISO, reflecting its interpretation of the MISO tariff with respect to exempted deviations, has been the subject of proceedings in docket no. ER04-691," FERC noted.



FERC Affirms Entergy Refund Order on Off-System Sales

By Tom Kleckner

FERC last week affirmed its 2012 ruling requiring Entergy to make refunds to ratepayers because of an improper allocation of the sources of off-system energy sales between 2000 and 2009.

The commission denied in part and granted in part requests for rehearing by Entergy Services and the Louisiana Public Service Commission (EL09-61-003).

The PSC set the proceedings in motion with a 2009 complaint alleging Entergy and its affiliates violated their system agreement and engaged in “imprudent utility conduct” when Entergy Arkansas sold excess electric energy to third-party power marketers and other non-agreement members. Entergy’s system agreement is a 1982 contract between the companies and Entergy Services that governs the planning and operation of the companies’ generation and bulk transmission facilities on a single-system basis.

An administrative law judge’s initial decision found Entergy Arkansas had violated the system, ordering refunds. FERC affirmed part of the decision, finding that although the agreement’s relevant provisions are “ambiguous,” it does provide authority for the individual companies to make opportunity sales for their own accounts.

The PSC and Entergy requested a rehearing of the decision based on four issues:

1. Was the commission correct in finding the system agreement permitted the opportunity sales?
2. Did Entergy violate the agreement in accounting for the sales?
3. Was FERC correct in ordering refunds?
4. Did the commission err in reducing the refund amount as a result of the PSC’s delay in approving a power purchase agreement between Entergy Louisiana and Entergy Arkansas?

FERC rejected Entergy and the PSC’s arguments on each of the first three matters, affirming its previous decision.

“Although the Louisiana commission argues that the system agreement prohibits opportunity sales through its provisions concerning the powers of the operating

committee ... it is notable that the Louisiana commission can point to no specific provisions that make such a prohibition,” FERC said.

Over-Recovery

However, the commission also rejected Entergy’s contention that no refunds were due to ratepayers because the matter involved a misallocation of costs among different companies rather than an over-recovery. “Entergy Arkansas’ off-system sales of low-cost energy from system resources had the effect of forcing up the rates of captive customers of other operating companies by precluding their purchase of the low-cost energy,” the commission said. “Those captive customers were essentially over-charged as a result of Entergy’s improper accounting under the system agreement and thus are due refunds.”

The commission also clarified that interest on refunds should be included in the payments, consistent with the commission’s general policy.

And it agreed with the PSC’s argument that the refunds should not be reduced by a 12-month period in which the Louisiana regulators delayed approval of a PPA between Entergy Louisiana and Entergy Arkansas. FERC said a more equitable approach would be to reinstate refunds for the 12-month period at issue, saying it could not “necessarily conclude” the PSC’s delay in processing the PPAs was so excessive the refund amounts should be reduced.

In a separate order, FERC set further hearing procedures to determine the final



allocation of refunds, which the Louisiana commission has estimated at \$77.5 million (EL09-61-002). Entergy contends the amount should be less than \$25 million.

The commission agreed with the ALJ that a full re-run of Entergy’s intra-system bill was necessary to provide a fair accounting of damages. FERC found the damages should be altered to reflect adjustments to service schedules and other provisions in the system agreement, including for bandwidth payments.

Entergy’s companies essentially operate as one system, although each has different operating costs. Low-cost companies make annual payments to the highest-cost company, 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.

“Those captive customers were essentially over-charged as a result of Entergy’s improper accounting under the system agreement and thus are due refunds.”

FERC



New York Rejects Constitution Pipeline

By William Opalka

New York environmental officials on Friday denied a water quality permit for a 124-mile pipeline that would have delivered shale gas from Pennsylvania to markets in eastern New York and New England.

The New York Department of Environmental Conservation said developers of the Constitution Pipeline failed to address regulators' concerns during a yearlong review.

The water quality permit, which is required under Section 401 of the federal Clean Water Act, was the last regulatory approval needed by Williams Partners and its co-developers, Cabot Oil & Gas, Piedmont Natural Gas, and WGL Holdings, for the pipeline through northeastern Pennsylvania and New York.

FERC approved the pipeline in December 2014, but developers lost the 2016 construction season when FERC would not allow limited tree cutting along the project route after New York officials protested because of the lack of the Section 401 permit. (See [Constitution Pipeline Delayed Nearly a Year.](#))



The first sections of the Constitution Pipeline arrive in New York. Source: Constitution Pipeline

Failed to Address Environmental Concerns

The DEC said Constitution's "application fails in a meaningful way to address the significant water resource impacts that could occur from this project and has failed to provide sufficient information to demonstrate compliance with New York state water quality standards."

Constitution said it "will pursue all available options to challenge the legality" of the decision. The project was intended to deliver 650,000 dekatherms of natural gas per day to the Wright, N.Y., compressor station for transport farther east.

"In spite of NYSDEC's unprecedented decision, we remain absolutely committed to building this important energy infrastructure project, which will create an important connection between consumers and reliable supplies of clean, affordable natural gas. We believe NYSDEC's stated rationale for the denial includes flagrant misstatements and inaccurate allegations, and appears to be driven more by New York state politics than by environmental science," the company said in a statement released Monday.

The department blamed the company for failing to adequately address its concerns about the project's impact on 251 streams and 500 acres of forest. The denial also cited the short- and long-term effects of trenching during construction, the loss of shade critical to stream health and the impact the loss of vegetation would have on potential flooding.

"Although the department repeatedly asked Constitution to analyze alternative routes that could have avoided or minimized impacts to an extensive group of water resources, as well as to address other potential impacts to these resources,



Constitution Pipeline route Source: Constitution Pipeline

Continued on page 14



FERC Orders Further Changes to NYISO Must-Run Rules

By William Opalka

FERC told NYISO last week that proposed changes to its rules for reliability-must-run generators are insufficient, ordering another compliance filing in 60 days.

In February 2015, the commission found NYISO's Tariff unjust and unreasonable because it lacked rules governing the retention and compensation of generating units needed for reliability. FERC took action after several coal-fired and nuclear generators in western New York announced their closures and the ISO was unable over nearly four years to win stakeholder consensus regarding uniform compensation rules for RMR units. (See [FERC Orders NYISO to Standardize RMR Terms in Tariff](#).)

On Thursday, the commission said the ISO's revised rules complied only in part with its directive ([ER16-120, EL 15-37](#)).

The commission approved the ISO's use of going-forward costs as a compensation mechanism for generators and its use of net present value to compare solutions to reliability concerns. But it rejected the ISO's proposed role for the New York Public Service Commission, its cost allocation proposal and its plan for bidding RMR generators into capacity auctions.

'Gap Solution'

NYISO proposed adding its RMR rules to its existing "gap solution" process. The gap solution is currently triggered when the ISO's biennial reliability planning process determines that neither market-based nor regulated proposals will address a reliability need quickly enough, or if its Board of Directors — after consulting with state regulators — determines there is an imminent reliability threat.

Under the ISO's proposal, it would solicit gap solution — generation, transmission or demand response — and market-based solution proposals when it identifies a reliability need that would result from a generator deactivation.

If there are no viable market-based solutions, the ISO would provide the PSC with a list of transmission and DR gap proposals. The ISO would enter into an RMR agreement only if there are no viable non-generation solutions or if the PSC does not select such a solution from the list provided by the ISO.

FERC said the ISO's plan was inconsistent with Order 1000, improperly delegated authority to the PSC and could lead to inefficient transmission development.

The commission also rejected a proposal that generators provide 365 days' notice

before deactivation, more than doubling the 180 days required by the PSC. Generators had protested that the proposed notice period was "unreasonably long."

FERC did not rule on the merits of the extended time frame but said it would address the timing issue after NYISO proposes Tariff amendments outside of the gap solution process. The commission further said it could not determine whether a generator should be compensated during the notice period and at what level.

Capacity Pricing

FERC also rejected the ISO's proposed cost allocation for RMR generators and transmission gap solutions as inconsistent with Order 1000 and its plan to bid RMR generators into its capacity auction at prices above \$0/kW-month. "It is more efficient for RMR generators to offer their [unforced capacity] at \$0.00/kW-month as 'price-takers,'" FERC said.

It accepted in part the ISO's provisions to prevent generators from "togglng" between RMR compensation and market-based rates, requiring additional protections.

FERC also denied rehearing of a PSC complaint that FERC's February 2015 order encroached on its jurisdiction. (See [FERC Interfering with Reliability Order, NYPSC Says](#).)

New York Rejects Constitution Pipeline

Continued from page 13

Constitution failed to substantively address these concerns," the DEC wrote.

Constitution said it "voluntarily agreed" to incorporate re-routes, adopt trenchless construction methods, commit to trout stream restoration and spend \$18 million for wetland mitigation and \$8.6 million for migratory bird habitat restoration and preservation.

Tree Cutting

The department was also annoyed that it received reports that landowners, "possibly with Constitution's knowledge, clear cut

old-growth trees along the right of way for the pipeline, including trees near streams and water bodies, even after the FERC ruled that Constitution could not cut trees in the right of way."

Constitution said that allegation is "completely inaccurate and contradicts the third-party environmental monitors working on behalf of FERC."

The DEC said it conducted a "rigorous review," including receipt of 15,000 public comments.

Environmentalists lauded the decision.

"Gov. [Andrew] Cuomo's rejection of the Constitution Pipeline represents a turning of the tide, where states across the nation

that have been pressured into accepting harmful gas infrastructure projects by FERC may now feel emboldened to push back," said Roger Downs, conservation director for the Sierra Club's Atlantic Chapter. "Cuomo's leadership could inspire a domino effect of related pipeline rejections as other states begin to put the protection of water and our climate before flawed energy projects that do not serve the public interest."

Constitution's rejection came two days after Kinder Morgan announced it was shelving its Northeast Energy Direct pipeline, which was to deliver Pennsylvania shale gas through New York, Massachusetts and New Hampshire. It cited an uncertain regulatory climate for the project as well as a lack of commitments from electric utility customers. (See related story, [Kinder Morgan Suspends Northeast Energy Direct Pipeline, p.5](#).)



NYPSC OKs Municipal Aggregation for Energy Purchases

Boost Seen for DER, Renewables

By William Opalka

ALBANY, N.Y. — The New York Public Service Commission voted 3-1 Wednesday to allow municipalities statewide to make bulk purchases of electricity and natural gas, including renewable power ([14-M-0224](#)).

The Community Choice Aggregation program is part of the state's Reforming the Energy Vision initiative to encourage the greater use of cleaner and distributed energy resources.

"The CCAs started in California and in Illinois and it was largely around aggregating supply," NYPSC Chair Audrey Zibelman said. "I think the New York version is going to be much more about aggregating demand."

By combining their purchasing power, communities can get the cleaner energy supplies they desire at a better price, she said. "I'm [as] excited about this element of REV as anything else we're doing," she added.

The commission, which started a proceeding to explore aggregation in December 2014, said CCA programs in other states have only been successful where opt-out aggregation is permitted for mass-market customers. "Opt-in aggregation has proved valuable to certain larger customer groups, but opt-out aggregation appears necessary for CCA programs to achieve the scale that will enable [energy service companies] to create meaningful benefits for mass market customers," the commission said.

The program will be open to villages, towns and cities. Municipalities will be required to conduct a minimum two-month information and education program to potential CCA



Source: NYSEERDA

members, after which residents would have at least 30 days to respond to opt-out notifications.

Municipalities will be encouraged to design CCA programs that include integration of distributed energy resources and procurement of clean energy, both through direct procurement and opt-in programs for customers. "Since CCA programs are intended to promote greater consumer awareness and bill savings, they present a formidable opportunity to advance the state's clean energy objectives," the PSC said.

Municipalities that contract with energy service companies will be required to conduct open competitive processes, and contracts must "offer value to their residents through favorable pricing, significant clean energy in their energy supply portfolio or another commission-approved energy-related value-added product."

The New York State Energy Research and Development Authority will provide technical assistance to participating communities.

Commissioner Diane Burman dissented from the order, saying she supports CCA but thought the state was moving too quickly. She said she wanted to learn first from Sustainable Westchester's pilot program, which has not yet started. The program has 110,000 residents enrolled in 17 communities and is now mailing opt-out notices to residents.

Sustainable Westchester and a partner want to develop 10 MW of solar arrays in five locations.

"My concern is truly understanding what we're doing in the pilot program and the lessons learned," Burman said, adding that she feared "moving too quickly into a statewide application when we haven't done or asked for real analysis."

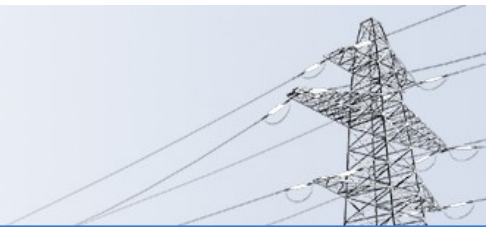
"Since [Community Choice Aggregation] programs are intended to promote greater consumer awareness and bill savings, they present a formidable opportunity to advance the state's clean energy objectives."

New York PSC

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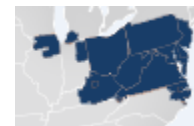
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FERC Upholds PJM's Treatment of Demand Response

By Suzanne Herel

FERC last week denied five requests for changes in PJM's treatment of demand response, rebuffing filings by the Independent Market Monitor, DR providers, industrial customers and Public Service Enterprise Group.

The commission rejected an allegation by the Monitor that PJM doesn't treat DR in a way comparable with generation capacity resources. The Monitor said it should be subject to a must-offer requirement in the day-ahead energy market as well as the energy offer cap (EL14-20). (See Monitor Asks FERC for Must-Offer on Demand Response.)

"The commission has ... explained that comparability does not require that generation resources and demand response resources be subject to the same operational parameters in every circumstance," FERC said.

Viridity Energy had filed a complaint that PJM's compensation provisions are discriminatory to capacity-only resources because an end-use customer that registers

with one curtailment service provider (CSP) for capacity and a second CSP for energy does not receive a guaranteed energy payment when called to reduce load in response to an emergency.

FERC cited reliability issues and the avoidance of double payments in denying the complaint (EL12-54).

The commission said the differences in compensation were justified by the need to avoid errors in measurement and verification by customers represented by two different CSPs from inadvertently or intentionally submitting duplicate offers for the same megawatts covering the same time period. "Duplicate offers, as PJM notes, could create reliability problems by erroneously indicating to PJM's operators that they will be getting twice the demand reduction that is actually available during an emergency condition. As PJM further notes, market participants, in this circumstance, could be required to pay twice for the same reduction."

EnergyConnect and Comverge were denied rehearing of a May 2014 order accepting rules increasing the operational flexibility of DR. FERC also found that PJM's compliance

filing satisfied the requirements of the May order (ER14-822).

The commission also denied a rehearing request from the PJM Industrial Customer Coalition regarding a January 2014 order that capped PJM's procurement of certain limited-availability DR products. The order noted that PJM's limited and extended summer DR products will be eliminated as a result of the new Capacity Performance rules (ER14-504).

Finally, FERC denied a rehearing request from PSEG that challenged a requirement that DR providers submit certain information before the Base Residual Auction proving their ability to perform when needed (ER13-2108). In part, the commission found that the general statement of obligation applies to all capacity resources and is not specific to DR.

Chairman Norman Bay said that the Supreme Court upholding FERC's jurisdiction over DR has allowed the commission to begin clearing a backlog of DR cases. "There were a number of DR matters that could not be resolved until the Supreme Court issued its decision," he said.

FERC Stands by Denial of Polar Vortex Make-Whole Payments

FERC last week reiterated its 2015 order rejecting New Jersey Energy Associates' request for recovery of costs incurred during the polar vortex of January 2014.

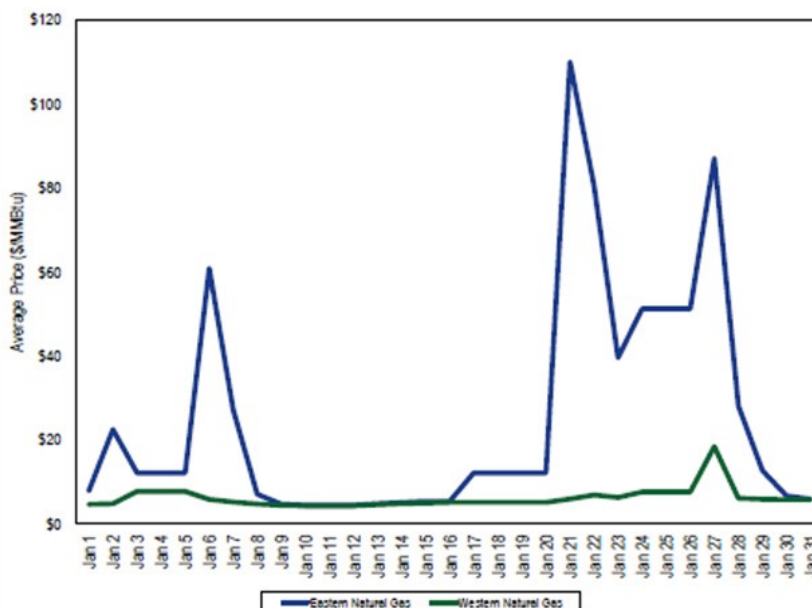
NJEA, which owns the 290-MW South River combined cycle plant, said it was forced to sell natural gas at a loss of \$1.3 million after PJM repeatedly canceled the plant's scheduled start time.

FERC denied the company's request for a waiver that would have allowed PJM to reimburse it, citing rules against retroactive ratemaking (ER15-952). (See FERC Again Denies Polar Vortex Make-Whole Payments.)

In its ruling Thursday, FERC said that NJEA's request for clarification and rehearing was asking the commission for the first time to interpret the phrase "actual costs incurred."

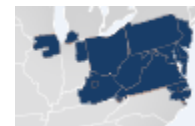
"NJEA's request is beyond the scope of its original waiver request and [is] inappropriately raised for the first time in a request for clarification and rehearing of the Sept. 4 order," it said.

— Suzanne Herel



Natural gas price volatility — January 2014 (\$/MMBtu) Source: Monitoring Analytics

PJM NEWS



MRC/MC Preview

Below is a summary of the issues scheduled to be brought to a vote at the Markets and Reliability and Members committees Thursday. Each item is listed by agenda number, description and projected time of discussion, followed by a summary of the issue and links to prior coverage in *RTO Insider*.

RTO Insider will be in Wilmington, Del., covering the discussions and votes. See next Tuesday's newsletter for a full report.

Markets and Reliability Committee

2. PJM Manuals (9:10-9:30)

Members will be asked to endorse the following manual changes:

- A. Manual 19: Load Forecasting and Analysis. Revisions remove outdated rules for legacy air conditioner and water heater cycling programs and correct

- formulas for end-use/weather variables.
- B. Manual 12: Balancing Operations. Manual, Tariff and Operating Agreement changes incorporate business rules for dynamic transfers.

3. Governing Documents Enhancement and Clarification Subcommittee (GDECS) (9:30-9:40)

Changes eliminate redundant definitions and list definitions in alphabetical order.

4. Demand Response Emergency Energy Settlement Measurement and Verification (9:40-9:55)

New method changes the emergency energy default customer baseline (CBL) from the hour before to the current default economic CBL. (See "Members Endorse New Way to Measure Emergency DR," *PJM Market Implementation Briefs*.)

5. External Capacity Performance Enhancements (9:55-10:15)

Members will be asked to endorse a problem statement and issue charge studying the challenges of the pseudo-tie construct for external CP resources.

Members Committee

Consent Agenda (1:20-1:25)

- A. Members will be asked to approve revisions to governing documents related to updated definitions developed by the GDECS.

Endorsements (1:25-1:55)

1. Governing Documents Enhancements and Clarification Subcommittee (GDECS) (1:25-1:35)

- A. Members will consider revised definition of "capacity import limit."
- B. See MRC item 3 above.

FERC Consolidates Duke ROE Complaints, Sets Hearings

FERC consolidated and set for hearing two return-on-equity complaints filed against Duke Energy Carolinas and Duke Energy Progress by overlapping complainants.

The complaint against Duke Carolinas argue that the current 10.2% ROE exceeds the company's current cost of equity and should be set no higher than 8.49% (EL16-29). Similarly, the complaint against Duke Progress said its 10.8% base ROE should be set no higher than 8.49% (EL16-30).

FERC also established a refund effective date of Jan. 7, 2016.

— Suzanne Herel



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News from FERC

FERC Denies Reconsideration of 2012 Order

FERC denied reconsideration of a 2012 ruling that granted in part Exelon Wind's petition for a declaratory order, but it once again declined to initiate an enforcement action against the Public Utility Commission of Texas ([EL12-80](#)).

The owner of several qualifying facilities under the Public Utility Regulatory Policies Act, Exelon Wind had protested that a PUCT order approving Southwestern Public Service's treatment of QF energy purchases violated PURPA.

While rejecting the request for an enforcement action, FERC's 2012 order concluded that the PUCT's approval of avoided cost rates linked to the locational imbalance price (LIP) at a QF's node in the SPP Energy Imbalance Service market was inconsistent with PURPA.

The PUCT, Occidental Permian and SPS parent Xcel Energy filed requests for reconsideration in September 2012, saying the revised methodology for calculating avoided costs approved by FERC was inconsistent with PURPA.

FERC said the PUCT's reliance on SPP's LIP

to calculate avoided costs was moot, as the RTO replaced the Energy Imbalance Market with the Integrated Marketplace, which relies on LMPs, in March 2014. The Texas commission has approved SPS's request to substitute LMP for LIP in calculating avoided costs. "Accordingly, we find that the issue of whether LIP may be used to calculate avoided costs has been overtaken by events," FERC said.

SPP-IS Partial Settlement Offer Accepted

The commission accepted a partial settlement on behalf of SPP, the Western Area Power Administration-Upper Great Plains Region (Western-UGP), Missouri River Energy Services and the Municipal Energy Agency of Nebraska, resolving issues over the October integration into SPP of Western-UGP, Basin Electric Power Cooperative and the Heartland Consumers Power District as transmission-owning members ([ER14-2850](#), [ER14-2851](#)).

The Nebraska MEA had intervened in SPP's original September 2014 filing, raising concerns about seams issues resulting from the decision of the Integrated System's entities (Western-UGP, Basin and Heartland) to become SPP members.

Missouri River Energy Services (MRES) asked FERC for relief from marginal loss and

marginal congestion payments associated with the exercise of its transmission rights. Basin Electric and Heartland also requested such "carve out" treatment. FERC found the concerns to be of "material fact" best addressed through hearing and settlement judge procedures.

The parties to the settlement agreed to forego a full evidentiary hearing before an administrative law judge and brief the issue directly to the commission, using stipulated facts, legal precedent and pleadings previously filed with the commission addressing carve-out treatment under the SPP Tariff.

FERC Accepts Termination of Northwestern-So. Montana Interconnection Pact

FERC accepted NorthWestern Corp.'s termination of a large generator interconnection agreement with Southern Montana Electric Generation and Transmission Cooperative, saying NorthWestern does not have to make further reimbursements to the co-op for network upgrade costs ([ER16-763](#)).

The 2011 agreement governed the interconnection with Southern Montana's Highwood Generating Station, which the co-

Continued on page 20

FERC Rejects Rehearing on SPP-WAPA Joint Operating Agreement

FERC last week accepted revisions to SPP's joint operating agreement with Western Area Power Administration-Upper Great Plains Region (WAPA-UGP), denying rehearing and clarification requests by MISO and 23 of its transmission owners ([EL12-60](#), [ER12-1586](#)).

The commission's April 21 order granted SPP and the Integrated System's request for clarification that the term "energy exchange" reflects their intent that the JOA does not affect the transmission rights or service of third parties.

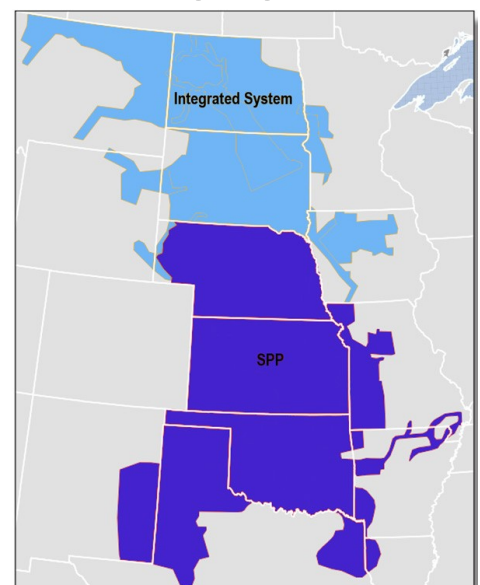
MISO and its TOs had protested FERC's September 2012 order accepting the JOA, which was filed in April 2012 as a precursor to the IS' membership in SPP. They said part of the JOA would be "incompatible" with market-to-market coordination between MISO and SPP when the latter's Integrated Marketplace began operating, and that the

agreement equated to "assessing compensation for loop flow."

FERC rejected both arguments. The IS, comprising WAPA-UGP, Basin Electric Power Cooperative and Heartland Consumers Power District, became full transmission-owning members of SPP in October.

The commission clarified that that sections 5.4-5.6 of the JOA are the parties' method for addressing contract path capacity determinations. The commission affirmed its prior determination that the language does not violate market-to-market principles or constitute unauthorized loop flow compensation.

"As the commission stated elsewhere in the Sept. 18 order, sections 5.4-5.6 of the [WAPA-SPP] JOA do not govern loop flow; rather, loop flow is governed by the congestion management process."



— Tom Kleckner



FERC Open Meeting Briefs

FERC Tech Conference to Include Storage Discussion

WASHINGTON — A May 13 FERC technical conference reviewing generator interconnection procedures will include a discussion on the interconnection of energy storage resources ([RM16-12](#), [RM15-12](#)).

The tech conference was scheduled in response to a 2015 [petition](#) by the American Wind Energy Association to revise the commission's *pro forma* large generator interconnection agreement. Other topics to be discussed include the current status of interconnection queues and transparency in the interconnection study process.

The conference was brought up by FERC Chairman Norman Bay during a presentation staff gave the commission at its open meeting last week on the data requests it sent six grid operators regarding their rules for energy storage participation in the wholesale markets. The storage issues slated for discussion at the conference are largely the same as those the RTOs will address in their responses to the data requests, which are due May 2. (See [FERC to Examine RTO Roles for Energy Storage](#).)

"Energy storage is one of the big potential game changers in the energy industry," Commissioner Tony Clark said. "This line of inquiry that we're opening and the responses we're going to get back I think are going to be tremendously important."

National Labs Brief FERC on Grid Modernization

Representatives from the Department of Energy and its national laboratories said that increased communication and cooperation with FERC will be needed in order to help them in their efforts to modernize the grid.

These efforts — including integrating renewable energy resources and energy storage, and increasing protection against cyber threats — were detailed in a series of presentations at the commission's open meeting last week. The integration of new technologies will result in a paradigm shift in how energy is generated and used, they said.

One of "the key trends and themes that we're reinforcing is the evolution towards more distributed control," said Jeff Dagle, chief electrical engineer at Pacific Northwest National Laboratory. "Historically, we've forecasted demand and dispatched supply. I think increasingly in the future, we'll be forecasting supply and dispatching demand."

Chuck Goldman, of the Lawrence Berkley National Laboratory, urged FERC to consider having its senior staff participate in the advisory committees on some of the labs' projects. He also said the commission should "think about the kinds of [research and development] that might be appropriate for ISOs that's in the public interest [and] that can deal with grid modernization issues."

— Michael Brooks



FERC commissioners listen as representatives from the Energy Department's National Laboratories give a presentation on grid modernization. © RTO Insider

SPP News from FERC

Continued from page 19

op decommissioned, dismantled and sold for parts in June 2014.

Northwestern filed a termination notice in January, asking for confirmation that it would not be required to pay \$5.84 million in unreimbursed upgrade costs and interest.

Southern Montana and Beartooth Electric Cooperative — a Southern Montana member that advanced a portion of the funds for the network upgrades — protested the filing, saying they were entitled to refunds. FERC found for NorthWestern,

saying a transmission operator "has no further obligation to reimburse the interconnection customer for its upfront payment if the generating facility ceases commercial operation before the interconnection customer has been completely reimbursed."

FERC Denies a Waiver

FERC denied Montana-Dakota Utilities's (MDU) request for a waiver of SPP Tariff charges assessed to pay the commission's annual fees ([ER16-866](#)).



MDU made the request in February, saying

the charges were the same as those paid to MISO for serving the same transmission load. SPP agreed not to oppose the waiver request if its FERC assessment calculation did not include Montana-Dakota's transmission service.

But the commission likened MDU's situation to that in which two or more transmission operators transmit power "sequentially" over long distances, one after the other. In that case, the commission said, "each RTO public utility or individual public utility will be assessed an annual charge based on its respective transmission of such electric energy."

— Tom Kleckner

District, OPC Ask PSC to Reconsider Exelon-PHI Merger

By Suzanne Herel

The D.C. Office of the People's Counsel and the district government asked the Public Service Commission Friday to reconsider its March 23 approval of Exelon's \$6.8 billion acquisition of Pepco Holdings Inc., saying the commission's rewrite of settlement terms was improper.

Friday was the deadline for the nine parties to the case to request such reconsideration. Aside from OPC Sandra Mattavous-Frye and D.C. Government, the only qualified party to do so was Grid 2.0, which advocates for distributed generation. (See [Grid 2.0 Asks DC PSC to Reconsider Merger Approval](#).)

Exelon and Pepco didn't wait for the deadline, closing the merger the day of the PSC's approval. (See [Exelon Closes Pepco Merger Following OK from DC PSC](#).) Last week, Pepco asked Maryland regulators for a 10% rate increase for most of its customers.

Mattavous-Frye said the decision was

important for future cases. In her [application](#), she asked that the PSC reopen the record and allow all parties to comment or reject Exelon and Pepco's unilateral request for adoption of new merger terms as being "procedurally improper."

"I strongly believe that the manner in which the decision was reached was legally flawed," she said. "If the flaws in this order are not corrected, it will erode the trust and confidence of consumers and all parties that practice before the commission."

The D.C. government, in a [filing](#) submitted by Attorney General Karl Racine, said, "By unilaterally modifying the terms of the non-unanimous settlement agreement and approving the terms of the revised non-unanimous settlement agreement as a resolution on the merits, the commission committed a series of procedural and substantive errors that require it to reconsider and vacate Order No. 18148.

"The order will have a chilling effect on future settlement negotiations because

parties will fear that, in agreeing to proposed settlement terms, they run the risk of the commission proposing and approving alternative settlement terms without the parties' consent."

If the PSC does not reconsider and vacate the order, it should reject the merger or approve the non-unanimous settlement agreement subject to "such additional terms as the commission determines will satisfy the public interest," the filing said.

Mattavous-Frye and the government opposed the initial merger proposal, which the commission rejected last August. They signed on to a later settlement brokered by Mayor Muriel Bowser's office in October. District officials withdrew their support after two of three PSC commissioners revised that settlement, saying the changes substantially weakened protections for ratepayers.

If the commission stands by its decision, parties may seek relief from the D.C. Circuit Court of Appeals.

COMPANY BRIEFS

Consumers Decommissions Last of 'Classic Seven'



Consumers Energy decommissioned the last of its Michigan "Classic Seven" coal-fired turbines in response to tighter EPA emissions restrictions. The B.C. Cobb Generating Facility on Muskegon Lake ended its 67-year run in mid-April.

The turbines were retired in staggered order in consultation with MISO. The turbines included two at B.C. Cobb, two at the D.E. Karn/J.C. Weadock Generating Complex in Essexville and three at the J.R. Whiting Generating Complex in Luna Pier.

Consumers is currently outfitting five of its operational coal-fired plants with scrubber systems to meet emissions standards.

More: [MLive](#)

LG&E/KU Unveil Kentucky's Largest Solar Array



Kentucky's largest solar facility was inaugurated last week by Louisville Gas & Electric and Kentucky Utilities. The E.W. Brown Generation

Station in central Kentucky contains about 44,600 solar panels, capable of producing 19,000 MWh of electricity annually.

"We're embarking on a new era and introducing a new source of energy to our generation portfolio that will work in concert with our coal, natural gas and hydroelectric fleet," Paul Thompson, chief operating officer for the PPL-owned utilities, said at an unveiling ceremony.

Thompson said the new facility will allow LG&E and KU to study how commercial-scale solar energy is impacted by factors such as cloud cover and "how it integrates with the existing generating units."

More: [The Advocate-Messenger](#)

Exelon, RES Join to Build 10-MW Energy Storage Unit



Exelon Generation and Renewable Energy Systems are joining to build a 10-MW energy storage facility in Clinton County, Ohio, that is expected to be operational by the end of the year.

RES, which operates 48 MW of storage facilities, will oversee construction of the project, which Exelon Generation will operate. The unit will comprise three

tractor-trailer-sized modular units near a substation for easy interconnection with PJM.

The facility will provide frequency regulation for the RTO. "Exelon's deployment of battery storage technology provides customers and grid operators with innovative solutions to meet their technical requirements and enhance system reliability," said Corey Hessen, vice president of Exelon Generation Development.

More: [Exelon Generation](#)

Con Ed Investing in More Natural Gas Pipelines

Consolidated Edison is investing about \$975 million in a joint venture to own natural gas pipelines and storage serving the northeast markets.

Stagecoach Gas Services will be managed by Crestwood Equity Partners and own assets in Pennsylvania and New York.

Con Ed announced the creation of Con Edison Transmission, a unit to invest in pipeline and transmission line projects, in

Continued on page 22

COMPANY BRIEFS

Continued from page 21

January. Like other utilities, Con Ed is investing more in pipelines as electricity demand slows.

More: [Bloomberg](#)

Exelon Warns of Possible Clinton Nuke Closure



Although it cleared the 2016/17 MISO capacity auction, the Clinton nuclear station may not stay open after May 31, 2017, without some sort of subsidies, warned Exelon CEO Chris Crane.

“Without urgent action on the policy front, we will have no choice but to prepare for a potential early retirement in the face of continued financial losses at our Clinton nuclear plant,” he said. “The loss of this plant would have significant economic impacts on southern Illinois and erase the environmental benefits equal to 80% of the wind installed in Illinois, making it significantly harder and more expensive for the state to meet its carbon reduction goals.”

Exelon is in the middle of a hard lobbying campaign in Illinois, seeking policy changes that would reward Clinton, and its five other nuclear stations in Illinois, for being carbon-free.

More: [Exelon](#)

SunEdison's Rise in Solar Industry Ends in Bankruptcy



SunEdison, the St. Louis-based company that shot to the top of American solar energy companies, filed for bankruptcy protection last week after multiple acquisitions left the company strapped for cash.

Analysts say the cause of the company's demise stems from unwise investments, not an inherent problem with the solar industry. Much of the company's growth occurred

through a rapid series of large acquisitions, encumbering itself with substantial debt.

“Our decision to initiate a court-supervised restructuring was a difficult but important step to address our immediate liquidity issues,” CEO Ahmad Chatila said.

More: [The Associated Press](#)

GridLiance Adds Seattle CFO To its Leadership Team

GridLiance last week announced it had hired Seattle City Light CFO Jeff Bishop as its senior vice president, CFO and treasurer.



Bishop

Bishop has spent 15 years in the industry, including financial leadership roles at PacifiCorp. He holds two bachelor's degrees: one in accounting from Washington State University and another in zoology from the University of Washington.

“Municipal and consumer-owned power agencies, which have historically been unable to invest in large-scale, regional transmission projects, will benefit from GridLiance's forward-thinking approach,” Bishop said.

More: [GridLiance](#)

Wind Farm Being Developed Near Colstrip Plant

Clearwater Energy is laying the groundwork for a 300-MW wind farm in eastern Montana, near transmission infrastructure that now serves the coal-fired Colstrip Power Plant near Billings.

The 500-kV power lines and a substation are big enough to accommodate Colstrip and the 300-MW Clearwater project. The Bonneville Power Administration, NorthWestern Energy and other stakeholders in the transmission lines serving Colstrip have discussed upgrading the transmission system to 700 MW. The Clearwater project is being planned to fill that extra capacity if it materializes.

More: [Missoulian](#)

Northern Pass Tx Line Contractors Named

EVERSOURCE Eversource Energy has named the contractors and material suppliers for the \$1.6 billion Northern Pass transmission line, which is awaiting final state and federal permits.

Eversource named Quanta Service subsidiary PAR Electrical Contractors as general contractor. Burns and McDonnell Engineering will continue as part of the project team. The ABB Group will design and build the line's underground section and a converter station in Franklin, N.H.

More: [New Hampshire Union Leader](#)

PPL Completes Northeast-Pocono Reliability Project



Source: PPL

PPL Electric Utilities last week completed its \$350 million Northeast-Pocono Reliability Project — more than a year before its original target date.

The 60-mile 230-kV line, which includes three new substations, should mean fewer and shorter outages for customers in Pennsylvania's Lackawanna, Monroe, Wayne, Pike and Luzerne counties, the company said. It's the second major transmission project completed by PPL in the past year, following the \$648 million Susquehanna-Roseland line, which was completed in May 2015.

While construction on Northeast-Pocono is complete, the company said land restoration will continue through the end of the year.

More: [PPL](#)

FEDERAL BRIEFS

Signing of Paris Agreement Comes in Shadow of Bad News



Greenland ice sheet

As the Paris Agreement on climate change was being signed on Earth Day, scientists and media outlets sounded a steady drumbeat of sobering climate change news.

According to studies, the first three months of 2016 have been the hottest ever recorded, Australia's Great Barrier Reef is slowly being bleached to death and Greenland's ice sheet is melting faster than scientists have ever seen. "The strongest hurricane on record for both the Northern and Southern Hemisphere, unprecedented continuing drought in California, the warmest start to a year that we've ever seen, on the heels of what was the warmest full year on record for the globe," said Michael Mann, a Pennsylvania State University climate scientist.

The climate agreement, signed by officials from 174 countries, is a pledge to cut greenhouse gas emissions and slow the warming of the planet.

More: [The Washington Post](#)

Secretary Moniz Disputes 'War on Coal' by Obama

Energy Secretary Ernest Moniz said the Obama administration has not declared war on coal, as many critics say, but is committed to using innovation to breathe continued life into the fuel.



Moniz

"Make no bones about it," he said, "we start with the assertion, the commitment, that we are talking about a progressively lower carbon future. But we have not abandoned coal as part of that future."

Moniz was speaking at a University of

Kentucky forum focused on energy innovation. He noted the administration's investment of billions of dollars for research on carbon capture and storage, including \$6.5 billion in tax credits for the technology. If the administration wanted to kill off coal as a fuel, he said, "we wouldn't have put \$6 billion into CCS."

More: [Lexington Herald-Leader](#)

Virginia Officials Ask FERC To Reject Pipeline Route

The Augusta County Board of Supervisors asked FERC to reject an alternate route for the \$5 billion, 550-mile Atlantic Coast Pipeline, saying the proposed pipeline would have a negative impact on the county.

The developers of the proposed pipeline, designed to bring natural gas from Appalachian shale plays, had already shifted the route to avoid going through the Monongahela and George Washington National Forests. But Carolyn Bragg, the August County board chair, says the new route goes through land with protected conservation easements, and near protected water sources. In a [letter](#) addressed to "Chairman" Cheryl LaFleur, Bragg also complained that no public hearings for the new routes had been held.

A spokesman for Dominion Resources, the pipeline's developer, said the route has already been changed several times after consultation with the U.S. Forest Service.

More: [The News Virginian](#)

Army Still Undecided On Dominion Tx Project



Dominion

The U.S. Army Corps of Engineers said it believes the need still exists for a 500-kV transmission line by Dominion Virginia Power despite contrary research by opponents, but it isn't yet prepared to approve a plan to build the line, which would cross over the Potomac River.

Dominion says it needs to import power to areas that were formerly served by two units at its now-retired Yorktown generating station. Consultants for the National Parks Conservation Association have concluded that the line isn't necessary.

The corps has called for more study before making a decision.

More: [The Virginia Gazette](#)

Lower Wind Speeds Slow Wind Power Growth in US



Wind generation grew by only 5.1% in the U.S. in 2015, the smallest annual increase since 1999, due primarily to a change in weather patterns in the West, according to the Energy Information Administration.

Those same weather patterns, however, resulted in higher average winds in the central part of the country, pushing up wind generation totals in the heartland.

Construction of new wind farms continues apace. Wind capacity grew 12.9%, a greater growth rate than the two previous years, with 8.1 GW installed. The agency said wind is projected to supply more than 5% of U.S. electricity generation in 2016.

More: [Energy Information Administration](#)

US NatGas Production Continues to Climb

U.S. natural gas production hit a record high of 79 Bcfd in 2015, up about 5% from the previous year, despite continued low prices for the fuel, according to the Energy Information Administration. While production dipped in much of the U.S. gas fields, increased production in five states — Pennsylvania, Ohio, West Virginia, Oklahoma and North Dakota — more than made up for any decrease.

Pennsylvania's growth rate slowed from the previous year — dropping from 2.6 Bcfd in new production in 2014 to 1.5 Bcfd of new production. But it still reported the fastest-growing production rate in the nation.

More: [Energy Information Administration](#)

DOE Tasked to Study Albedo Modification

The U.S. Senate wants the Department of Energy to study the value of using reflected sunlight to fight global warming.

A proposed spending bill would fund the department with an undetermined amount of money to examine whether climate change trends could be reduced by increasing the amount of sunlight reflected from the Earth's surface back into space.

Harvard University scientist David Keith was promoting the study on reflectivity. "Ignorance is not a good basis for making

Continued on page 24

FEDERAL BRIEFS

Continued from page 23

decisions, so learning more about this is extremely valuable even if we find out that it will never work," he said.

More: [Science](#)

Army Ammo Base Switching From Coal to Natural Gas

The Army is building a \$60 million, natural gas-fired generating plant to replace a 77-year-old coal-fired unit at its Radford Army Ammunition Plant. The announcement came a day after protesters gathered outside U.S. Rep. Morgan Griffith's Christiansburg, Va., office to protest the open burning of hazardous waste at the plant.

The Army pointed to its switch to natural gas from coal as an example of its commitment to the environment. It also said it recently received \$7 million to design and build an enclosed incinerator and close the open-burn unit.

"We absolutely take our obligation to the environment very seriously," said Lt. Col. Alicia Masson, the base commander.

More: [The Roanoke Times](#)

Environmental Groups Sue Four Corners Plant



A coalition of environmental groups and the Navajo tribe last week announced it had formally filed suit against the U.S. government for extending operations at a New Mexico coal plant and its associated mine.

The suit was filed in the U.S. District Court for Arizona against the Interior Department's Office of Surface Mining and U.S. Fish and Wildlife Service, among others, over a July decision to allow the Four Corners Power Plant and Navajo Mine to operate until 2041. The 52-year-old power plant and coal mine is in the Navajo Nation, about 15 miles southwest of Farmington, and operated by Arizona Public Service.

The owners plan to shut three of five generation units, reducing its capacity from

2,100 MW to 1,540 MW. Opposition groups argue that the 25-year extension did not take into account the assessment of clean energy alternatives and environmental risks. The groups also cite the recent string of bankruptcies, shutdowns and regulations facing the coal industry.

More: [The Durango Herald](#)

Spurned in ND, Nuke Waste Firm Looks to SD

Battelle
The Business of Innovation

A group sponsoring a federal study to explore for an underground nuclear

waste storage site is scouting potential properties in South Dakota after North Dakota rejected a plan to study sites there.

Battelle Memorial Institute, the nonprofit research firm behind the Department of Energy project, has planned two public meetings in Spink County to explain the exploration.

Battelle says its deep borehole test will not involve any radioactive waste. Its purpose is to find deep underground rock layers that may be suitable for the storage of nuclear waste in the future.

More: [The Associated Press](#)

STATE BRIEFS

CONNECTICUT

Some Alternate Supplier Electric Customers Paying More

The state's Office of Consumer Counsel says thousands of residential customers who signed up with competitive electric suppliers paid more for power than customers who stayed with the standard offers from Eversource Energy or United Illuminating.

In Eversource's territory, customers with 18 of the 28 third-party service providers paid \$48 million more than the standard offer. In UI's service area, customers with 18 of 29 competitive suppliers paid \$10 million more than standard-offer customers.

Bryan Lee, a spokesman for the Retail Energy Supply Association, said the consumer advocate "is making an unfair apples-to-oranges comparison when it compares a 'plain vanilla' utility standard

service electricity rates with the varied and complex product offerings of competitive retail energy suppliers."

More: [New Haven Register](#)

NEW JERSEY

BL England Generating Station Looking to Convert to Gas

The owners of the coal-fired B.L. England Generating Station have applied to the Department of Environmental Protection for emissions permits to convert the plant to natural gas, now that a controversial pipeline to the facility has been approved.

"It's probably the dirtiest plant left in the state," DEP spokesman Larry Hajna said, adding that the 52-year-old plant is one of "just a handful" that still burn coal. The plant on the Jersey Shore is owned by RC Cape May Holdings, a special purpose entity formed by Rockland Capital, Energy



Investors Funds and other investors.

Environmentalists are protesting the conversion. They say the 447-MW upgraded plant actually would increase pollution because the gas-fired plant would operate daily, while only one of the plant's current coal units is active, and it only operates 60 days a year.

More: [The Press of Atlantic City](#)

Continued on page 25

STATE BRIEFS

Continued from page 24

NEW MEXICO

State Sees Rush of Solar Tax Credit Applications

Energy conservation officials have been hit with a flood of applications for the state's solar tax credit and are on track to meet the \$3 million annual cap by July.

This is the last year for the state's 10% tax credit. A measure calling for extending the incentive through 2024 stalled during the last legislative session.

More: [The Associated Press](#)

NEW YORK

Cuomo Announces \$150M For Renewables Projects

Gov. Andrew Cuomo on Thursday announced \$150 million in funding to support large-scale renewable energy projects across the state to help meet the goal of 50% of electricity from renewable energy by 2030.



Cuomo

"This state is a national leader in combating climate change, and with this investment, we are taking our unprecedented efforts one more step toward a cleaner and greener New York," he said. "This funding will advance large-scale energy projects, continue build[ing] a clean energy economy and generate opportunity for New Yorkers for generations to come."

Support will be provided by the New York State Energy Research and Development Authority in its final solicitation through the main tier of the state's renewable portfolio standard.

More: [Gov. Andrew Cuomo](#)

Microgrid Competition Offers \$8 Million

The next round of the NY Prize microgrid competition will provide \$8 million in awards for engineering designs and business plans for community microgrids, Gov. Andrew Cuomo said.

The \$40 million program is part of the

Reforming the Energy Vision. The NY Prize engineering design and business plan component will award up to \$1 million to each of the eight winners. The deadline for proposals is Oct. 13, 2016. The competition is administered by the New York State Energy Research and Development Authority, which is currently reviewing final reports and conducting an analysis and evaluation of the feasibility studies.

More: [Gov. Andrew Cuomo](#)

Study Says Preserved Nuclear Plants Cost-effective

 Preserving upstate nuclear plants via a proposed Clean Energy Standard provides benefits that exceed the costs, according to an analysis by The Brattle Group for the Public Service Commission. (See [NYPSC: Minimal Cost to Meet 50% Renewable Goal.](#))


The nuclear component of the Clean Energy Standard is responsible for more than 50% of the program's lifetime financial benefits from carbon avoidance, despite incurring only 21% of the program's overall costs. Power cost savings enables an additional \$3.16 billion in annual gross domestic product, according to the study.

The report was prepared for the New York State IBEW Utility Labor Council, the Rochester Building and Construction Trades Council and the Central and Northern New York Building and Construction Trades Council.

More: [The Brattle Group](#)

NORTH CAROLINA

Regulators Side with Duke in NC WARN-Church Solar Deal

 The Utilities Commission fined an advocacy group \$60,000 for violating state law by installing a solar array on the roof of a Greensboro church and then selling the electricity directly to the church. The commission said NC WARN, by law, should have produced the power, sold it to Duke Energy, which then would have sold it to the church.

The commission said NC WARN's direct contract with the church was impermissible because the church is located within Duke's exclusive service area. "NC WARN knowingly entered into a contract to sell electricity in a franchised area and sold

electricity without prior permission from the commission, subjecting itself to sanctions," the commission said. It ordered the group to stop operating the solar array and to turn it over to the church.

NC WARN Director Jim Warren vowed to appeal. "The decision to impose the fine is pretty surprising," he said. "In the past, that kind of fine has been used against outright lawbreakers." He said the arrangement was made to test the law on electricity sales.

More: [Charlotte Business Journal](#)

Health Officials Go Silent on Safety Guidance near Ash Ponds



The Department of Health and Human Services says it has stopped offering any guidance to owners of drinking-water wells near Duke Energy coal ash ponds, citing pending legislative action that would govern water testing and advisories.

"We are carefully monitoring this proposed legislation and are not able to comment further on safety recommendations until the General Assembly takes action," a department spokeswoman wrote in an email.

The department last year issued do-not-drink notices to owners of hundreds of wells near coal ash basins because their water contained elevated levels of hexavalent chromium, but it recently notified the landowners the water was safe to drink. There are no federal or state standards for hexavalent chromium. Lawmakers say the pending legislation will clear up any confusion. "They scared these folks erroneously," Rep. Pat McElraft said. "Everybody thought Duke was poisoning them when they weren't."

More: [WRAL](#)

OHIO

Supreme Court Upholds Part of 2012 AEP Rate Case



The state Supreme Court upheld most of American Electric Power's 2012 rate increase, remanding part of the case to the Public Utilities Commission to review if customers should receive any refunds.

The court ruled that PUCO was correct

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STATE BRIEFS

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when it approved AEP's special "capacity charge" to make the utility whole during its transition to market-based pricing.

But the court also ruled that a portion of the rate increase was a *de facto* "transition charge" that added up to \$508 million. Some of that, it said, could be improper.

More: [The Columbus Dispatch](#)

PENNSYLVANIA

PUC Member Leaving To Take Utility Job

Public Utility Commissioner Pamela A. Witmer is leaving the commission at the end of April to become vice president of government affairs at UGI Energy Services, a company that comes under the commission's regulation.



Witmer

Witmer's five-year term ended on April 1. A Republican who was appointed by Gov. Tom Corbett in 2011, her departure leaves an important vacancy on the commission, now split evenly between Democrats and Republicans. Democratic Gov. Tom Wolf has yet to nominate a replacement.

More: [The Philadelphia Inquirer](#)

Steam Heat Plants Come Under Scrutiny

The Public Utility Commission wants to focus greater scrutiny on the state's three public steam heat plants.

The plants produce and deliver steam heat through pipes to business districts in Philadelphia, Harrisburg and the North Shore of Pittsburgh.

Citing the risk for accidents and a thin oversight staff at the plants, the PUC is releasing proposed regulations that will call for more inspections and reporting of steam leaks and emergencies.

More: [Pittsburgh Post-Gazette](#)

TEXAS

Hunt Group Asks for Rehearing in Oncor Purchase



The Hunt Group, the would-be buyers of Oncor, are trying to change the terms of a contentious agreement it

hammered out only a month ago with the Public Utility Commission. The request for a rehearing offered a bleak assessment of the sale going through.

Minutes after the Hunt Group filed a formal request for a rehearing, PUC staff filed a statement that said the group's separate application for a rate-setting procedure failed to meet legal requirements necessary to allow the sale to go forward. Legal deadlines loom that could make it difficult to close the purchase. The commission will meet to consider the rehearing on May 4.

The buyers want to split Oncor into two linked companies that could take advantage of a \$250 million federal tax break.

More: [The Dallas Morning News](#)

Fort Worth to Oncor: Defend Your Rates



The Fort Worth City Council unanimously approved a resolution directing Oncor to

explain why its electric transmission and distribution rates should not decrease if its federal tax bill drops under its bankruptcy reorganization plan.

The resolution stems from last month's approval by the state Public Utility Commission of the Hunt Group's \$18 billion acquisition of Oncor. The PUC last month deferred a decision on the rate question until 2017 at the earliest.

More: [Star-Telegram](#)

VIRGINIA

First Commercial Wind Farm Would Top North Mountain



Apex Clean Energy is applying to site 25 wind turbines atop North

Mountain in Botetourt County in what would be the state's first commercial wind farm.

The Department of Environmental Quality has expressed support for the project, though opponents worry that the 550-foot-tall towers and rotating blades might kill birds and bats or contribute to erosion that would contaminate streams.

More: [The Roanoke Times](#)

Richmond Opposes FERC Permit for James River Hydro



The city of Richmond is fighting a company's attempt to install an 8-MW hydroelectric project at Boshers' Dam on the James River, saying the generator's intakes could interfere with fish migration.

Energy Resources USA has filed a request with FERC to give it "priority of licensing" for the hydro project but is not yet seeking a construction permit. It is proposing to divert water at the existing dam through four 2-MW turbines.

The city said the hydro project's proximity to a fishway might impair fish migration. "The documentation shows the intake for the facility immediately upstream of the ladder, which will adversely impact the function of the ladder," wrote Patrick Bradley, the city's water quality manager. "Also, the facility will effectively cut off access to the ladder for operation and maintenance purposes."

More: [Richmond Times-Dispatch](#)

FERC Upholds Cost Allocation for Artificial Island, Bergen-Linden Projects

Continued from page 1

allocation (DFAX)] methodology produces an anomalous result and does not allocate costs in a manner roughly commensurate with benefits.

"It is a cliché to observe that hard cases make bad law, but unfortunately I believe that is the result of today's orders," she said. "Because the instant cases are discrete and identifiable and have significant rate impacts that are not roughly commensurate with benefits, a failure to grant these complaints may actually undermine a cost allocation methodology that is just and reasonable in the vast majority of instances."

The commission in November called for an inquiry in response to complaints over the allocation for the projects and held a technical conference on the issue in January. (See [DFAX: 'Poison Pill' or 'Best Method' of Cost Allocation?](#)) It asked: Is there a definable category of projects for which the DFAX method might not be appropriate, and could a fair approach be developed for those occasions?

Most commenters said that DFAX was inappropriate in some situations and that an alternative scheme should be developed. (See [Commenters: DFAX Cost Allocation Inappropriate.](#))

The Delaware and Maryland public service

commissions [protested](#) the cost allocation of the Artificial Island project, virtually all of which will be paid for by customers in the Delmarva transmission zone.

They cited a study requested of PJM by the Delaware commission that found only about 10%, or \$17 million, of the \$169 million annual load payment savings would accrue to customers in that zone. However, those customers will be allocated about \$246 million of the costs.

Critics said DFAX is inappropriate for non-flow-based fixes, such as those addressing short-circuit violations, storm-hardening or stability limits.

Said FERC: "Comments opposing the solution-based DFAX method can only point to two projects out of over 1,200 identified by PJM as raising concerns."

The DFAX method, the commission said, "focuses on the benefits of the facility as measured through use of the facility over time rather than the reliability violation that drove the immediate need for the project."

In the second ruling — in which LaFleur also dissented — FERC denied a complaint from Consolidated Edison and Linden VFT and upheld the assignment of an additional \$91 million in cost to Con Edison for the Bergen-Linden Corridor project ([ER15-2562, et al.](#)).

"As PJM explains, the costs related to the reconfiguration are necessary to address construction challenges and the elimination

of high short-circuit current issues identified by [Public Service Enterprise Group], such as no longer reusing existing underground ducts to install new 345-kV cables and substation expansion for an additional 345-kV line," the commission said. (See [Developer Questions Need for PSE&G Projects without 'Wheel'](#).)

Meanwhile, the Artificial Island project faces other hurdles. After Public Service Electric and Gas submitted estimates that nearly doubled the cost of its scope of work to \$272 million, PJM planners are considering reconfiguring the project.

That, however, could alter its scope enough to require it be rebid under Order 1000. (See [Artificial Island Cost Increase Could Lead to Rebid.](#))

The Delaware PSC did not return a request for comment. However, Bob Howatt, the PSC's executive director, told [The News Journal](#) that the PSC is considering filing a motion for rehearing with FERC as a prerequisite for a court appeal. "The court process is not inexpensive," Howatt cautioned.

Delaware Public Advocate David Bonar has estimated that Artificial Island could result in rate increases of about \$3/month for residential and small businesses, while increasing rates for large manufacturers by "tens of thousands."

Energy Bill Faces Tight Calendar, Partisan Divide in the House

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that a nationwide requirement is "technically feasible and economically justified" (1103).

Appliances



The bill cites a prediction that appliance standards put in place for more than 30 products since 2009 will reduce consumers' utility bills by almost \$1.8 trillion by 2030. It requires the Energy Department to establish a rebate program to encourage the replacement of inefficient electric motors (1101) and transformers (1102).

Manufacturing

The manufacturing sector, which represents

12% of the gross domestic product, uses almost one-third of the primary energy in the U.S.

The legislation amends the Energy Independence and Security Act (EISA) of 2007 to direct the Energy Department's Industrial Assessment Centers to coordinate with other federal manufacturing programs, the National Laboratories and energy service and technology providers, and the department's Office of Energy Efficiency and Renewable Energy to provide onsite technical assessments to manufacturers seeking efficiency opportunities (1201).

It also expands the scope of technologies covered by Industrial Assessment Centers to include smart manufacturing technologies and provides the centers tools and training to provide technical assistance to manufacturers (1202). It directs the department to provide small and medium manufacturers access to high-performance

computers at the National Labs (1203).

Vehicles

The bill authorizes research and development to reduce petroleum use in passenger and commercial vehicles (1306) and improve the efficiency of medium- to heavy-duty commercial, vocational, recreational and transit vehicles (1308) and Class 8 truck and trailer platforms (1309).

Cybersecurity

About 32% of reported cyberattacks involve the energy sector, the bill says. The bill establishes the Energy Department as the agency responsible for energy sector cybersecurity protections and directs it to carry out cybersecurity research and development (2002).

The bill adds a new section to the Federal

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Energy Bill Faces Tight Calendar, Partisan Divide in the House

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Power Act (224) that gives the Secretary of Energy authority to order actions necessary to protect the grid from cyber threats in an emergency. It also orders FERC to permit entities to seek recovery of prudently incurred costs as a result of an emergency. The new FPA section also prohibits the unauthorized disclosure of critical electric infrastructure information (CEII) by FERC personnel or agents of the commission (2001), a provision apparently inspired by the controversy over former FERC Chairman Jon Wellinghoff's public disclosures of information from a confidential FERC analysis on grid security. (See [FERC Criticism of Ex-Chair Mounts](#).)

The bill also creates programs to identify and test supply chain vulnerabilities and response capabilities between the DOE and other agencies. It increases industry participation in information sharing and expands the department's cooperation with the intelligence community (2002).

Infrastructure Permitting

Electric Transmission

The Energy and Natural Resources Committee report on the bill refers to the federal permitting process for electric transmission as "notoriously slow and unpredictable," citing NERC data that transmission projects take six to 15 years to engineer, site, permit and construct.

The Obama administration sought to improve coordination in federal agencies' review of electric transmission facilities on federal land through a 2009 memorandum of understanding signed by nine agencies. To accelerate the deployment of seven pilot transmission projects, the administration in 2011 created a Rapid Response Team for Transmission with the nine signatories.

The bill codifies the Rapid Response Team and creates an ombudsperson at the Council of Environmental Quality to resolve intra-agency disputes or delays related to transmission permits (2309).

Section 215 of the Federal Power Act is amended to require regional reliability entities to submit to Congress and FERC within six months, and every three years thereafter, a report describing the state of and prospects for electric reliability. They are also required to submit a reliability impact statement (RIS) on any proposed federal rule they believe will affect the

reliable operation of the bulk power system. The statements are to be submitted to FERC for forwarding to the proposing agency, which "shall consider the RIS and include a detailed response in the final rule" (4301).

It also provides liability protection for generators ordered by DOE to run for grid reliability to insulate them from litigation over exceeding their environmental permits (4303).

Gas Pipelines

The Senate committee called the federal review process for natural gas pipelines "complex and cumbersome," noting that the Secretary of the Interior lacks authority to grant pipelines permission to cross National Parks — requiring an act of Congress. "This issue has come to the forefront in recent years because of growing demand for natural gas in the Northeast and rising natural gas production in the Marcellus Shale (e.g., Pennsylvania). The limited infrastructure that connects the two regions is greatly constrained, and the area is comprised of significant National Park holdings," the committee said.

The bill designates FERC as the lead agency for all federal authorizations and National Environmental Policy Act compliance related to natural gas transportation; says such authorizations should be issued within 90 days after applications are deemed complete; and orders FERC to establish an interagency schedule and refer all interagency disputes to the CEQ for resolution. Agencies that do not act within the 90-day deadline would be required to explain delays to Congress and FERC and provide plans for eliminating the delay (3103).

LNG

Five LNG projects in Louisiana, Florida, Texas and Maryland have received final authorizations to export a total of 6.5 Bcfd. As a result, the Energy Information Administration expects the U.S. to become a net exporter of natural gas by 2020.

LNG projects require both Energy Department authorization to export the commodity and approval from FERC, which has jurisdiction over the terminals. The bill requires the department to issue a final decision on applications to export natural gas to countries that do not have free trade agreements with the U.S. within 45 days after completion of NEPA reviews of LNG facilities (2201).

The bill also requires the Secretary of Energy to submit within one year a study on the economic impacts of LNG exports, addressing manufacturers' concerns that exports will raise domestic gas prices (3102).

Distributed Energy Resources, Storage

The bill requires the Secretary of Energy to conduct R&D and a demonstration program to address challenges identified in DOE's 2013 [Strategic Plan for Grid Energy Storage](#) (2301). The department would be required to develop model grid architecture and a set of future scenarios to examine the impacts of different combinations of resources on the grid and to determine whether any additional standards should be developed to ensure the interoperability of the grid and associated communications networks (2302).

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Loading of the first cargo at the Sabine Pass LNG Terminal in February 2016. Source: Cheniere

Energy Bill Faces Tight Calendar, Partisan Divide in the House

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The bill requires the Energy Department within two years to provide Congress with an evaluation of the performance of the electric grid and a description of the quantified costs and benefits associated with the changes evaluated under the scenarios developed under section 2302 (2306).

When requested by a state, the department would partner with states and regional organizations to develop electric distribution plans (2307).

It also requires RTOs and ISOs to submit reports to FERC within six months identifying barriers to the deployment of distributed energy systems and microgrid systems. The reports must include potential changes to the operational requirements and costs associated with interconnecting these resources (2310). The Energy Department is to undertake a study of net energy metering (2311).

Hydropower

The bill seeks to simplify what the Senate committee called “a Byzantine” relicensing process for hydropower projects, noting that more than 250 projects totaling 16 GW will need new licenses in the next decade. Hydropower supplies 6% of U.S. electricity and 52% of renewable power. Relicensing currently takes eight to 10 years.

To reduce permitting backlogs, the bill designates FERC as the agency responsible for setting a binding licensing schedule and coordinating all federal authorizations. It authorizes the chairman of the CEQ to resolve interagency disputes to ensure

timely decision making; requires FERC administrative law judges to preside over trial-type hearings on issues of material fact; and orders the commission to establish a voluntary pilot program to consider a regionwide approach to hydropower licensing (3001).

It also extends through fiscal year 2025 the incentives for hydroelectric production and efficiency improvements contained in the Energy Policy Act of 2005 (3002). It reinstates the license for Clark Canyon Dam in Montana and extends the deadline for starting construction for three years (3003). It also authorizes FERC to extend the construction deadline for the Gibson Dam in Montana for six years (3004).

Geothermal Energy

The bill urges the Secretary of Interior to “significantly increase” geothermal production from federal lands and asks the U.S. Geological Survey to identify sites capable of producing 50 GW of geothermal power within 10 years (3005, 3006).

It also allows geothermal development by co-production of electricity from oil and gas leases on federal lands (3007) and creates a noncompetitive leasing process through which existing geothermal leaseholders on federal lands can lease adjoining lands without rebidding (3008).

Research and Development Funding

The bill authorizes spending of \$500 million over 10 years on energy storage R&D, \$290 million through 2021 on projects involving marine and hydrokinetic energy and \$2 billion on technologies to improve the grid, including microgrids. However, Congress

often appropriates far less than originally authorized.

Coal, Carbon Capture

The legislation repeals the existing EPACT 2005 coal programs and establishes a new coal technology program including R&D, large-scale pilot projects and demonstration projects. It authorizes \$610 million annually from 2017 to 2020, and \$560 million for 2021 (3401, 3402).

Nuclear Power

It requires the Energy Department to submit a report to Congress on its ability to host privately funded fusion and fission reactor prototypes at DOE-owned sites (3501), and removes the requirement that the project be built at Idaho National Laboratory (3502).

Workforce Training

The legislation establishes the 21st Century Energy Workforce Advisory Board at the Energy Department to develop a strategy for developing a skilled workforce for the energy sector, including underrepresented populations (3601), and establishes a four-year pilot program to award competitive grants for job training programs that lead to an industry recognized credential (3602).

DOE Loan Program

The bill changes DOE’s Section 1703 loan guarantee programs created by EPACT 2005 to prohibit the subordination of taxpayer interests to those of private investors. It also sets a minimum 25% of credit subsidies to be paid by borrowers (4001) and amends EPACT 2005 to establish the terms for state participation in loan guarantees (4002).

The bill also orders the Comptroller General to issue a report on the effectiveness of DOE’s advanced fossil loan guarantee program and other incentive programs for advanced fossil energy (4003).

Energy-Water Nexus

The Energy and Interior departments are required to establish an Interagency Coordination Committee, co-chaired by the agencies’ secretaries, to identify “energy-water nexus activities” across the federal government; improve coordination of R&D activities; and create a Nexus of Energy and Water Sustainability (NEWS) office (4101).



Clark Canyon reservoir

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NY Utility-Solar Partnership Proposes Net Metering Overhaul

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Rockland Utilities, Rochester Gas and Electric and the solar companies SolarCity, SunEdison and SunPower.

“At its core, the partnership’s proposal provides simplicity for customers, recognizes the locational value of clean [distributed energy resources] and attempts to resolve potential bill impacts, particularly to customers who are not participating in [net metering],” the filing states.

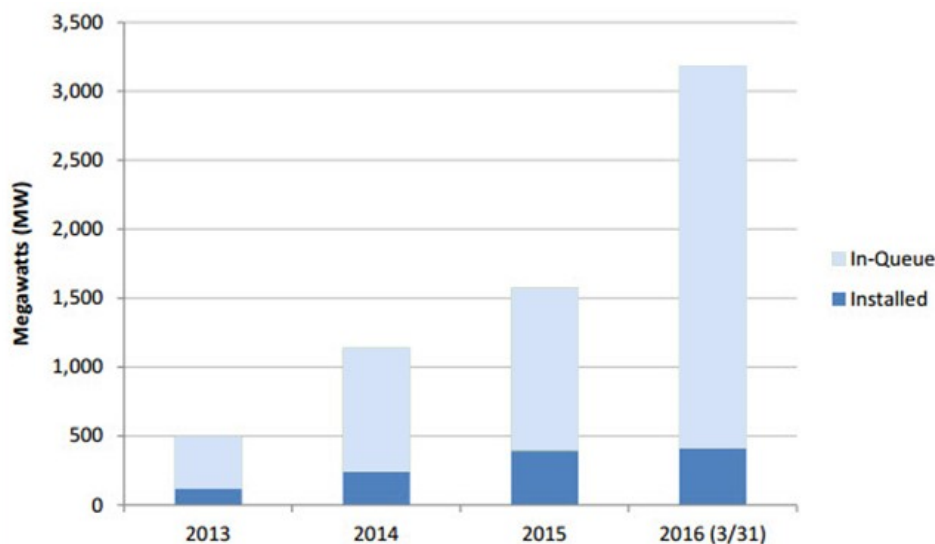
Under net metering, utilities pay retail rates for surplus power from rooftop solar systems. Utilities say this means ratepayers without solar systems are paying more than their share of grid costs.

The proposal would preserve credits for residential rooftop solar systems. But it proposes a transition from the current net metering model that would begin in 2020 for larger projects. The filing recommends collecting a payment from solar developers for community and remote solar projects connected to the grid.

The proposal marks a potential cease-fire in the battles solar developers have fought with utilities in states across the country. In December, SolarCity announced it was ending operations in Nevada after regulators cut payments to rooftop panel owners.

News of the agreement appeared to cheer investors. SolarCity shares ended last week at \$33.34, up 9% from the open Tuesday, while SunPower shares were up less than 1% at \$21.66. SunEdison shares were trading at \$0.34 Thursday — when the company announced it was seeking Chapter 11 bankruptcy protection — up 6% from Tuesday.

“We’re working together to keep our state’s solar market vibrant while enabling us to maintain the robust power grid that solar energy requires, and in a way that is fair to all customers,” Con Edison CEO John



New York net-metered resources Source: New York Public Service Commission

McAvoy said in a joint statement.

SolarCity CEO Lyndon Rive also was conciliatory. “The deep institutional knowledge of these six utilities and the creative approach they are taking to the evolution of electricity is inspiring. Leaders like these will lay the foundation for the grid of the future.”

The partnership said the proposal came out of discussions facilitated by the [Advanced Energy Economy Institute](#).

LMP+D+E

The proposal said it would use elements of a New York Public Service Commission staff white paper to transition to a compensation structure “that more closely aligns with the value the resources bring to the power system, including the wholesale power system (‘LMP’), the electric distribution system (‘D’) and to society at large (‘E’), which is generally the environmental benefit.”

Each community distributed generation (CDG) project would be assigned to a tranche that would establish a

compensation rate and developer payments. “Each successive tranche would incorporate higher developer payments, gradually moving the total resource compensation rate to LMP+D+E,” the partnership said.

According to PSC data, the state has more than 3,100 MW net energy metering resources installed or in utilities’ interconnection queues. “These queues have more than doubled in the first three months of 2016,” the proposal said. “Much of this recent development activity has been configured as CDG projects.”

Barriers to Entry?

The plan would require developers to provide letters of credit, a condition that Karl Rábago, head of the Pace Energy and Climate Center, said bars small developers.

“In the early days of the Texas market deregulation, that’s really what shook out the smaller developers,” Rábago, a former Texas Public Utility Commissioner [told Capital New York](#). “I don’t have a line of credit if I’m a small player.”

Energy Bill Faces Tight Calendar, Partisan Divide in the House

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Holding RTOs Accountable

The committee expressed skepticism about organized RTO markets, saying their low prices are undermining the finances of nuclear generation and questioning whether they are producing “meaningful price signals” to indicate where new supply is needed. Reflecting the opinions of the American Public Power Association

and other critics, the committee said RTO “capacity markets have been controversial ... with a number of parties calling for their reform or elimination.”

RTOs and ISOs are required to report to FERC within six months on their reliability, capacity resources, wholesale electric prices, generation diversity and the ability of public power entities to self-supply capacity (4302).

In case you missed it ...

(Originally published April 19)

Supreme Court Rejects Md. Subsidy for CPV Plant

By Rich Heidorn Jr.

WASHINGTON — The U.S. Supreme Court today unanimously rejected Maryland regulators' attempt to subsidize Competitive Power Ventures' combined cycle plant in Charles County, saying it interfered with FERC's jurisdiction over wholesale electric markets.

The court upheld a ruling by the 4th Circuit Court of Appeals, which found that Maryland's contract for differences with CPV could distort price signals in PJM's annual capacity auctions (14-614, 14-623).

"We agree with the 4th Circuit's judgment that Maryland's program sets an interstate wholesale rate, contravening the [Federal Power Act's] division of authority between state and federal regulators," Justice Ruth Bader Ginsburg wrote for the court. She said the contract also violated the Constitution's Supremacy Clause, which establishes that federal law preempts contrary state law.

In April 2012, the Maryland Public Service Commission ordered Baltimore Gas and Electric, Potomac Electric Power Co. (PEPCO) and Delmarva Power and Light to enter into a contract that guaranteed CPV — winner of a PSC competitive solicitation — an income stream so that it could finance the facility.

Under the contract for differences, CPV St. Charles' revenues for the sale of 661 MW of energy and capacity would be compared to what the company would have received had the contract prices been controlling. If the contract prices were higher than the market

prices, the three electric distribution companies would pay the difference to CPV; if market prices were higher than the contract, CPV would make payments to the EDCs.

The contract was challenged by Talen Energy's predecessor, PPL, and other generators. The opponents said Maryland's action would suppress capacity prices and that allowing the contract to stand would mean that eventually only subsidized units would enter the auction because those without support could not compete.

"FERC has approved the PJM capacity auction as the sole rate setting mechanism for sales of capacity to PJM and has deemed the clearing price *per se* just and reasonable," the court said. "By adjusting an interstate wholesale rate, Maryland's program invades FERC's regulatory turf."

Maryland and CPV contended the contract for differences was no different than traditional bilateral contracts for capacity, which FERC allows.

But the court said Maryland's contract with CPV "does not transfer ownership of capacity from one party to another outside the auction. Instead, the contract for differences operates within the auction; it mandates that [load-serving entities] and CPV exchange money based on the cost of CPV's capacity sales to PJM."

The Supreme Court had declined to review a ruling by the 3rd Circuit Court of Appeals finding New Jersey regulators' subsidy of a CPV generating plant also in violation of the Constitution's Supremacy Clause (*PPL EnergyPlus LLC, et al. v. Hanna*, 11-0745).

But the court did provide state regulators' guidance for crafting their programs in the future, saying it rejected Maryland's initiative only because it disregards FERC's wholesale rate.

"We therefore need not and do not address the permissibility of various other measures states might employ to encourage development of new or clean generation, including tax incentives, land grants, direct subsidies, construction of state-owned generation facilities or re-regulation of the energy sector," it said. "So long as a state does not condition payment of funds on capacity clearing the auction, the state's program would not suffer from the fatal defect that renders Maryland's program unacceptable."

Justice Clarence Thomas concurred in the judgment but said the court did not need to cite "implied preemption" under the Supremacy Clause.

"To resolve these cases, it is enough to conclude that Maryland's program invades FERC's exclusive jurisdiction" under the Federal Power Act's division of federal (wholesale) and state (retail) jurisdiction, Thomas wrote.

The court's ruling was unsurprising. At oral arguments in February, none of the justices showed any support for Maryland's stance. (See [Supreme Court Offers Little Support to CPV, Md.](#))

The Electric Power Supply Association, which had filed amicus briefs in support of federal preemption of the Maryland and New Jersey subsidy programs, called the ruling "a victory for the economic integrity and viability of wholesale power markets. The unanimous decision strengthens FERC's hand at a critical time when it comes to properly defining the appropriate roles for federal and state actions impacting wholesale power markets."

The American Public Power Association (APPA) called the decision "another regrettable setback for restructured states in regional transmission organization regions that take seriously their obligations to ensure that their states' retail customers have reliable, affordable and environmentally responsible electric service."

The group said it was pleased, however, that the ruling was narrowly drafted "and does not impair the ability of public power utilities to serve their own retail customers with owned and contracted-for generation resources."



CPV St. Charles under construction in January 2016 Source: Competitive Power Ventures

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